

## INTERNAL CONTROL, LEADERSHIP STYLE, AND WORK MOTIVATION OF EMPLOYEE PERFORMANCE AT PT KUSUMAHADI SANTOSA KARANGANYAR

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**Abstract:** This research discussed about the influences of internal control, leadership style, and work motivation on employee performance. This research aims to analyze the influences of internal control, leadership style, and work motivation on employee performance at PT Kusumahadi Santosa, Karanganyar. The research population is employees at PT Kusumahadi Santosa, Karanganyar. The method used to determine the sample is using technical solvents with several fixed criteria with a total amount of 92 samples. This research uses Statistical Product and Service Solutions (SPSS) version 25. The analysis method used is multiple linear regression analysis t test, F test and  $R^2$  test. Based on the analysis of the results, it is found that internal control has a significant effect on employee performance because its value is smaller than  $\alpha = 0.05$  that is  $0.001 < 0.05$ . Work motivation also has significant effects to employee performance because its value is smaller than  $\alpha = 0.05$  that is  $0.000 < 0.05 > 0.05$ . While the leadership style has no significant effect to employee performance because the significant value is bigger than  $\alpha = 0,05$  that is  $0,085 > 0,05$ .

**Keywords:** *Internal control, leadership style, work motivation and employee performance.*

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### 1. Background

The tight competition in the era of globalization, the external environment is one of the factors that can affect the success of a company in achieving optimal goals. Competition makes the company improve its performance so that it can achieve the company's goals, survive and be able to compete in the business world. To create reliable human resources requires good management so that employee performance is far more optimal. According to Hakim (2006) performance is the result of work achieved by individuals who are adjusted to the role or task of the individual in a company at a certain time period, which is associated with a certain value or standard size of the company where the individual works.

Internal control has an important relationship that needs attention in the company. According to Romney and Steinbart (2015) internal control is a process that is designed and

implemented by the board of commissioners or management to provide adequate confidence that the control objectives have been achieved so as to help achieve the company's goals.

Leadership style will show directly about a leader's confidence in the ability of subordinates. This means that leadership style, behavior and strategy, as a result of a combination of philosophy, skills, traits, attitudes, which are often applied from a leader when trying to influence the performance of his subordinates (Rorimpandey, 2013).

Besides internal control and leadership style, one of the important factors to improve employee performance is motivation. Hasibuan (2001) states motivation is the provision of the driving force that creates the excitement of one's work so that they want to work together, work effectively and be integrated with all their efforts to achieve satisfaction.

PT. Kusumahadi Santosa is one of the major companies in the City of Karanganyar, engaged in the textile industry that has been developing and established since 1981. During this period PT Kusumahadi Santosa has successfully expanded its distribution network throughout Indonesia, with quality fabric products. Human resource investment is also an important factor that determines the achievements, targets and ideas for the company.

Based on the background of the problems outlined above, the problem in this study can be summarized:

- a. Does internal control partially affect employee performance at PT Kusumahadi Santosa Karanganyar?
- b. Does leadership style influence employee performance partially at PT Kusumahadi Santosa Karanganyar?
- c. Does work motivation partially affect employee performance at PT Kusumahadi Santosa Karanganyar?
- d. Does internal control, leadership style and work motivation influence simultaneously employee performance at PT Kusumahadi Santosa Karanganyar?

To avoid, a broader discussion and in order to conduct research in depth, the factors that influence employee performance in this study are limited by only taking internal control, leadership style and work motivation.

### **Internal control**

According to Sutabri (2003) in a narrow sense, internal control is a sum addition, both the horizontal addition and the downward addition. In a broad sense, internal control does not only include checking work, but includes all the tools used by management to conduct oversight. Internal control provides assurance that assets are protected and used for the achievement of business objectives, accurate business information, employees comply with rules and regulations (Tarukdatu, 2013). According to Boyton and Johnson (2006) Internal control is a process that is influenced by the board of directors, and other personnel, which are designed to provide confidence about achieving goals in the category of financial reporting reliability, compliance with applicable laws and regulations, effectiveness and efficiency of operations

### **Leadership Style**

Robbins (2006) states that leadership is the ability to influence groups towards achieving goals. Kartono (2005) states that leadership is the ability to give constructive influence to others to make a cooperative effort to achieve the planned goals. Based on the definitions above, it can be concluded that leadership is a person's ability to influence others to achieve the goals to be achieved. Leadership style is the behavior or method chosen and used by leaders in influencing the thoughts, feelings, attitudes and behavior of members of subordinate organizations ( Nawawi, 2003).

### **Work motivation**

According to Anoraga (2009) work motivation is the willingness of employees to emerge due to the encouragement from within the employee concerned as a result of the overall integration of personal needs, the influence of the physical environment and the influence of the social environment where the power depends on the process of integration. Luthans (2011) defines the term motivation derived from the Latin word *move*, which means move. This meaning is evidence of the following comprehensive definition: motivation is a process that begins with a physiological or psychological definition that drives a behavior or impulse aimed at an objective or incentive. So motivation is one of the factors that encourage employees to want to work and release their potential so that it affects the performance of employees and the company itself.

### **Employee performance**

According to Prabu (2013) employee performance is work performance or work results both in quality and quantity achieved by HR unity within a period of time in carrying out his work duties in accordance with the responsibilities given to him. Rivai and Sagala (2009), suggested that performance is a real behavior that is displayed by everyone as work performance produced by employees in accordance with their role in the company. The conclusion is the performance of the results of activities carried out by employees who after being limited by time and goals that have been determined by the company. Work activities must be limited by time so that they can be completed in accordance with predetermined targets and do not deviate from the company's goals

### **Framework**

This study consists of dependent variables namely employee performance (Y) and three independent variables namely internal control (X1), leadership style (X2), work motivation (X3)

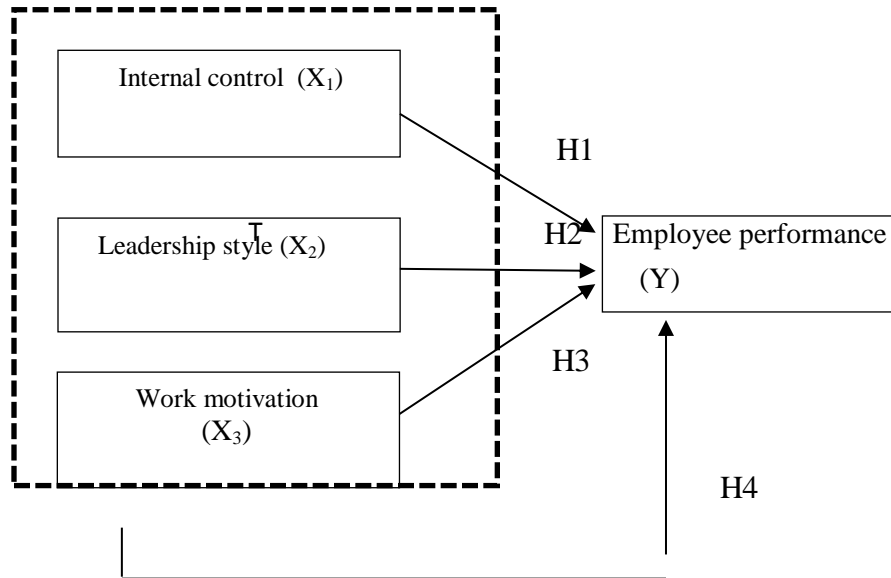


Figure 1

#### Framework

The hypothesis proposed is as follows:

H1: Internal Control Significantly influences Employee Performance

H2: Leadership Style Significantly influences Employee Performance

H3: Work motivation has a significant effect on employee performance

H4: Internal Control, Leadership Style and Work Motivation Simultaneously affect Employee Performance

## 2. Research Methodology

### Population and Sample

The population in this study is the employees at PT Kusumahadi Santosa Karanganyar are heterogeneous (different) seen from the diversity of sex, age, length of work, last education, employee status, position and section (division).

Determination of the number of samples using the Slovin technique according to (Sugiyono 2011) with the following formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where :

n: number of samples

N: total population

e: error tolerance limit

Using Slovin technique to determine the number of samples is in accordance with the research conducted by (Budiyono, Tho'in, Muliastari, & Putri, 2001).

According to Arikunto (2002) if the population is large or more than 100, it can be taken 10-15% or 20-25% for fault tolerance.

This study uses the slovin formula with an error rate of 15%, the number of employees of PT Kusumahadi Santosa Karanganyar 1000 people divided into several departments, so the minimum number of samples is calculated as follows:

$$n = \frac{N}{1 + N(e)^2}$$
$$n = \frac{1000}{1 + 1000(0.15)^2}$$
$$n = 42.55$$

(rounded to 43 as a minimum sample)

But in this study the number of samples added to 92 employees. Due to situations and conditions that were not possible during the corona virus pandemic (covid-19), we could only examine the production section, weaving 47 employees and printing 45 employees.

### **Data Types and Sources**

The type of data in this study is quantitative data. The data source used is primary data through a questionnaire given to respondents, namely employees in 2 departments at PT. Kusumahadi Santosa Karanganyar, as well as secondary data obtained from data provided by the company such as history, vision and mission of the company.

### **Data collection technique**

Data collection techniques using a questionnaire. Variable measurement technique uses a rating scale, which is a data collection tool in the form of a list of behavioral characteristics that must be recorded in stages. The alternative assessment in measuring these items consists of 6 (six) alternative choices that have very low levels up to very high (worth 1 to 6). The use of the 6-point rating scale refers to previous research conducted by Dwirini Anggarsari in 2008 which aims to ensure that the results of the study are not neutral and respondents can choose specifically.

### 3. Results And Discussion

#### 3.1. Research result

##### Hypothesis Test Results

##### a. Multiple Linear Regression Analysis

Table 1

Multiple Linear Regression Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4,331	10,752		0,403	0,688
	Internal control (X1)	0,628	0,185	0,292	3,404	0,001
	Leadership style (X2)	0,087	0,050	0,150	1,743	0,085
	Work motivation (X3)	0,413	0,063	0,548	6,549	0,000

The results of the Multiple Linear Regression equation are as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

$$Y = 4.331 + 0.628X_1 + 0.087X_2 + 0.413X_3$$

##### Information :

Y = Employee Performance

$\alpha$  = Constant

b<sub>1</sub>, b<sub>2</sub>, = Regression Coefficient

X<sub>1</sub> = Internal Control

X<sub>2</sub> = Leadership Style

X<sub>3</sub> = Work Motivation

The equation above shows the effect of internal control, leadership style and work motivation on the performance of the employees of PT. Kusumahadi Santosa, Karanganyar. The meanings of the regression coefficients are:

- 1) A constant value of 4.331 means that if there is no change in the variables of internal control, leadership style and work motivation (values X1, X2, X3 are 0), then the performance of the employees of PT. Kusumahadi Santosa, amounting to 4,331 units.
- 2) Internal control regression coefficient of 0.628 states that for each addition of 1 (one) value to internal control, employee performance will increase by 0.628.
- 3) The leadership style regression coefficient of 0.087 states that for each addition of 1 (one) value to the leadership style, employee performance will increase by 0.087.
- 4) The work motivation regression coefficient of 0.413 states that for each addition of 1 (one) value to work motivation, employee performance will increase by 0.413.

**b. Partial Test (t test)**

t test is done to test the effect of partially between the independent variable with the dependent variable assuming the other variables are constant. The criteria used are as follows:

- 1) If the significance value  $< 0.05$  then  $H_0$  which states that the independent variable does not affect the dependent variable, is rejected,  $H_a$  which states that the independent variable influences the dependent variable is accepted.
- 2) If the significance value  $> 0.05$  then  $H_0$  which states that the independent variable does not affect the dependent variable, is accepted.  $H_a$ , which states that the independent variable does not affect the dependent variable, is rejected.

**Testing the Effect of Internal Control on Employee Performance**

The calculation results obtained Significant value (0.001)  $<$  Level of Significant (0.05), then  $H_0$  is rejected and  $H_a$  is accepted, so it can be concluded that the internal control variable has a significant positive effect on employee performance.

**Testing the Effect of Leadership Style on Employee Performance**

The calculation results obtained Significant value (0.085)  $>$  Level of Significant (0.05), then  $H_0$  is accepted and  $H_a$  is rejected, so it can be concluded that the leadership style control variable has no effect on employee performance.

**Testing the Effect of Work Motivation on Employee Performance**

The calculation results obtained Significant value (0,000)  $<$  Level of Significant (0.05), then  $H_0$  is rejected or  $H_a$  is accepted, so it can be concluded that the work motivation variable has a significant positive effect on employee performance.

**c. Simultaneous Test (F Test)**

To test whether all independent variables included in the model have a joint influence on the dependent variable. In this test aims to compare the significant value ( $\alpha = 5\%$ ) at

the degree level of 5%. The decision criteria follow the following rules (Sugiyono, 2005).

- 1) If the value of F count < F table then Ho which states that the independent variables simultaneously have no effect on the independent variables is accepted. Ha, which states that the independent variables simultaneously affect the dependent variable, is rejected.
- 2) If the value of F count > F table then Ho which states that the independent variables simultaneously have no effect on the independent variables is rejected. Ha which states the independent variables simultaneously affect the dependent variable, is accepted.

F (table) is calculated by the formula  $k = nk$ , where k = number of independent variables (n) and n = number of respondents or research samples, thus  $k = 3$  (X1, X2 and X3) and  $n = 92$ . Furthermore, this value is entered into the formula, the results are  $92 - 3 = 89$ , then F (table) is 2.71.

The F Test results can be seen in table 2 as follows:

Table 2  
Test Results F

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	658,097	3	219,366	18,371	.000 <sup>b</sup>
Residual	1050,772	88	11,941		
Total	1708,870	91			

Table 2 shows the F count of 18.371 > F table of 2.71 with a significance of 0.000 < significant value  $\alpha = 0.05$ . Conclusion Ho is rejected and Ha is accepted. This means that simultaneously or together internal control variables, leadership style and work motivation are factors that influence employee performance variables.

#### d. Determination Coefficient Test (R<sup>2</sup>)

Table 3  
Determination Coefficient Test (R<sup>2</sup>)

Model	R	R Square	Adjusted R Square	Std.Error Of The Estimate
1	0,621 <sup>a</sup>	0,385	0,364	3,456

Source: Data processed from SPSS 25

The coefficient of determination with adjusted – R<sup>2</sup> is 0.364. This means that employee performance can be explained by 36.4% of the variables of internal control, leadership



style and work motivation. The remaining 63.6% was explained by other variables outside the independent variables studied.

### **3.2.Discussion**

#### **Effect of Internal Control on Employee Performance**

Based on the calculation of the Significant value ( $0.001 < \text{Level of Significant } (0.05)$ ), then  $H_0$  is rejected and  $H_a$  is accepted, so it can be concluded that the internal control variable (X1) has a significant positive effect on employee performance (Y).

The results of this study support Sarita Permata Dewi's research (2012) entitled "The Influence of Internal Control and Leadership Style on the Performance of Yogyakarta SPBU Employees", the results of which indicate that internal control has a positive effect on the performance of Yogyakarta SPBU employees, meaning that if internal control is well implemented it will improve employee performance.

Internal control has an impact on employee performance. This shows that there is a significant positive effect between internal control and employee performance, so that each internal control variable rises by one level, the employee performance variable rises 0.678 with a significance level of 0.001. So, the better the application of internal control, the employee's performance will increase.

#### **The Effect of Leadership Style on Employee Performance**

Based on the calculation of the Significant value ( $0.085 > \text{Level of Significant } (0.05)$ ),  $H_0$  is accepted or  $H_a$  rejected, so it can be concluded that the leadership style variable (X2) has no significant effect on employee performance (Y).

The results of this study contradict RohmaNurlia's research (2017) entitled "The Effect of Leadership Style on Employee Performance at PT. Al-Ijarah Indonesia Finance Lampung ", the results of which stated that the leadership style had a positive effect on the performance of the employees of PT. Al-Ijarah Indonesia Finance Lampung. With a democratic leadership style, employees will maximize their performance.

The results of research on leadership style with employee performance is that the leadership style has no impact on employee performance. The leadership style applied at PT Kusumahadi Santosa Karanganyar does not affect employee performance because employee performance does not pay much attention to the leadership style but rather looks at other variables outside the leadership style such as internal control and work motivation.

#### **Effect of Work Motivation on Employee Performance**

The calculation results obtained Significant value ( $0,000 < \text{Level of Significant } (0.05)$ ), then  $H_0$  is rejected or  $H_a$  accepted, meaning that the work motivation variable (X3) has a significant positive effect on employee performance (Y).

The results of this study support the research of Mohammad Said Marzuq (2014) entitled "The Effect of Leadership Style, Work Motivation and Work Environment on the Performance of Employees of Aisyah Kudus Hospital", the results of which stated that work motivation had a positive effect on employee performance at Aisyah Kudus Hospital.

So work motivation has an impact on employee performance. This shows that there is a significant positive influence between leadership style and employee performance, so that each work motivation variable increases one level, the employee performance variable rises 0.413 with a significance level of 0.000. So, the better the work motivation, the employee's performance will increase.

#### **The Influence of Internal Control, Leadership Style and Work Motivation on Employee Performance.**

The results of the study are known to have simultaneous influence of the variables of Internal Control, Leadership Style and Work Motivation on Employee Performance at PT Kusumahadi Santosa, this is evidenced by the results of  $F_{count} 18.371 > F_{table} 3.10$  and the significance value is  $0.000 < \alpha 0.05$ . The results of this study support the research of Adelia Rimadhina (2018) entitled "The Influence of Internal Control, Leadership Style and Work Motivation on Employee Performance simultaneously.

At PT Kusumahadi Santosa, several factors that influence employee performance are internal control variables and work motivation, but leadership style is less influential on employee performance which may be more inclined to employee motivation and internal control itself.

#### **4. Conclusion**

Based on discussion above, it is concluded that:

- a. Internal Control has a significant and positive effect on employee performance of PT Kusumahadi Santoso Karanganyar,
- b. Leadership style does not significantly influence the performance of PT Kusumahadi Santoso Karanganyar employees.
- c. Work motivation has a significant positive effect on employee performance at PT Kusumahadi Santoso Karanganyar.
- d. Simultaneously Internal Control, Leadership Style and Work Motivation variables significantly influence the Employee Performance of PT Kusumahadi Santoso Karanganyar.

This study has the following limitations:

- a. The data collection method in this study uses primary data in the form of a questionnaire, so there is a possibility that the respondent is not serious in filling out the research questionnaire.

- b. This study takes three independent variables so that this research has not been able to explain all the variables that affect Employee Performance.
- c. The research involved a limited number of research subjects, believed to be 92 people, so the results could not be generalized to a large group of subjects.

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