Do Organizational Commitment and Work Stress Moderated by Locus of Control Influence Auditor Performance? Evidence from Banking Institution

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Abstract

Objective – This study aims to determine the effect of organizational commitment and work stress on auditor performance with locus control as a moderating variable in a banking institution.

Design/methodology – The population and sample in this study were all internal auditors spread across all branch offices at Bank Sejahtera, totaling 33 people. Sources of data using primary data derived from distributing questionnaires to research respondents.

Results – The results showed that the variables of organizational commitment, job stress, and locus of control simultaneously affect the performance of internal auditors. Then, organizational commitment has a positive effect on the performance of internal auditors. Furthermore, work stress has a negative effect on auditor performance. Locus of control has a positive effect on the performance of internal auditors. Next, locus of control strengthens the relationship between organizational commitment and internal auditor performance. Likewise, locus of control also strengthens the relationship between job stress and the performance of internal auditors.

Research limitations/implications – This study is only conducted at one state-owned bank in Banda Aceh. Implementation at different banks with different management styles may show different results.

Novelty/Originality – This research provides an empirical analysis about locus of control’s role in strengthening the relationship between organizational commitment and internal auditor performance as well as the relationship between job stress and the internal auditor performance.

Keywords: Organizational commitment, work stress, locus of control, auditor performance

1. Introduction

Banking is an industry that is very much bound by regulations because banking is an institution that is trusted to store and distribute funds from the public, government, and other institutions. This trust is the responsibility of the bank's management (commissioners, directors, and all levels of management). Shareholders, commissioners, directors, employees, and even customers and debtors have diverse interests. The bank's internal audit (Internal Audit Work Unit) must be able to place its function above these various interests to find out that the planned goals and objectives of the bank can be achieved and ensure the realization of a healthy bank, developing reasonably and can support the national economy.

An internal audit is conducted to assess the effectiveness of the internal control system and whether procedures have been complied with. An internal audit is an
independent assessment function made within an organization to evaluate various activities carried out by the organization (Elisabeth, 2019).

The implementation of good governance requires an internal audit function that is independent and has the authority, competent resources, and access to adequate information so that the internal audit function can be carried out effectively. The implementation of an effective internal audit assures the bank regarding the quality and effectiveness of the internal control system, risk management, as well as processes and governance systems to protect the organization and reputation of the bank.

Bank Sejahtera is one of the largest state-owned banks as well as the first state-owned bank in Indonesia. Bank Sejahtera was founded in 1895, Bank Sejahtera consistently focuses on providing services to small communities in the form of savings and loans. Bank Sejahtera is known as a bank that has strict procedures and supervision. Therefore, to monitor the quality of bank performance, internal auditors are needed. Carl (2014:303) states that the performance of internal auditors has an independent assessment function that is carried out within the organization to test and evaluate the company's internal control system. All of these performances are related to the company's objectivity. Problems that occur at Bank Sejahtera are fraud and fraud detection in internal control. In addition, lack of organizational commitment and work stress on internal auditors (LHP Inspeksi BRI, 2019). These problems can have an impact on the performance of internal auditors in improving quality of audit reports (Estiningtyas et al., 2018). Diansyah (2016) argues that a direct relationship between job stress and employee performance. High work stress will reduce employees, meaning that if the stress becomes too great then performances will begin to decline because stress interferes with the implementation of work. In addition, Hsinkuang et al. (2010) state that auditor performance is influenced by psychological characteristics, one of which is locus control. Individuals with an internal locus of control tend to think that their skills, abilities, and efforts determine what they get in life. Meanwhile, individuals with external locus of control tend to think that their lives are more determined by external forces such as fates, destiny, and destiny.

Nugraha & Ramantha (2015) state that the poor performance of the company's internal auditors can cause problems that can harm the company. The auditor's responsibility depends on the performance of the internal auditor. Therefore, organizational commitment is needed so that it can be a driving force for auditors to work better so that it has a positive impact on auditor performance Trisnaningsih (2012). This is supported by Larasati & Laksito (2013) who states that if the internal auditor already has an organizational commitment, then internal auditors will try to improve their performance so that organizations and companies can achieve what has been set.

2. Literature Review, Theoretical Framework, and Hypothesis Development

2.1 Auditor Performance

The performance of the internal auditor is the act of the audit task completed by the auditor within a certain period in accordance with the provisions. Internal auditors must provide suggestions to improve the company. Performance measurement must be carried out to know the implementation of performance so that it can find out any deviations from the predetermined plan, or performance results that are not achieved as expected (Wibowo, 2014:155).

2.2 Auditor Organizational Commitment

Morhead and Griffin (2013:73) state that organizational commitment is an attitude that assesses the extent to which a person can know his or her organization. Someone who has a commitment can be relied on in his duties, can have a mature plan in his duties, and can have innovation and motivation in working in achieving the goals of the organization. Luthans (2012: 225) states that there are indicators to measure

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commitment, namely: a very strong desire to remain a member, a hard effort in achieving goals, accepting organizational goals, being able to work according to targets, and being proud of the organization, never complaining in carrying out tasks and accept all tasks that have been given by the leader.

2.3 Work Stress

Meidlisa & Lukito (2020) defines work stress as a person’s reaction to excessive pressure at work. Mangkunegara (2014: 105) states that work stress is a state of someone that feels pressure from the organization so that they feel objected to facing work. Santoso & Rijanti (2022) state that work stress indicators can be measured with the following criteria: Intimidation and pressure from co-workers, company leaders, and clients. And The difference between demands and available resources to carry out tasks and obligations.

2.4 Locus of Control

Locus of control is a person’s perspective that can deal with something. According to Aube et al. (2017) individuals who have an internal locus of control assume that success depends on themselves, while individuals who have an external locus of control assume that every event is beyond their control. Hsinkuang et al. (2010) to measure the internal locus of control can be done with 7 criteria as follows: 1. Everything that an individual achieves is the result of his own efforts. 2. Become a leader because of his own ability. 3. Individual success due to hard work. 4. Everything that an individual acquires is not due to luck. 5. Individual’s ability to determine events in life. 6. A person’s life is determined by his actions. 7. The failure experienced by the individual because of his own actions.

2.5 The Relationship between Organizational Commitment and Auditor Performance

Donkor, Dongmei & Sekyere (2021) state that organizational commitment affects performance. Then, Trisnaningsih (2012) states that a commitment to the organization can be a driving force for an auditor to work better. As stated by Larasati & Laksito (2013) if the internal auditor already has a sense of commitment to his organization, then the internal auditor will try to improve the performance of the auditor so that the organization/company where he works can achieve the predetermined goals/target.

H1. Organizational commitment affects auditor performance.

2.6 The Relationship between Work Stress and Auditor Performance

Diansyah (2016) and Arifin (2021) argue that work stress can affect employee performance, meaning that high work stress can reduce employee performance. This is supported by Donkor, Dongmei & Sekyere (2021) who state that the negative impact of stress is zero performance, employees can no longer work, despair, and resign. Based on the description above, it can be concluded that job stress is an important factor that affects employee performance.


2.7 The Relationship between Locus of Control and Auditor Performance

Falikhatun & Baswir (2013) suggests that employee performance can be influenced by locus of control. Kreitner and Angelo (2014: 309) suggest that someone who has a locus of control has high motivation, likes competitive things, likes to work hard, feels pressed for time, and wants to always try to do better than the previous condition so that it leads to achievement higher.

H3. Locus of control affects the performance of the auditor.
2.8 The Effect of Locus of Control on the Relationship between Organizational Commitment and Auditor Performance

Employee commitment to the organization is largely determined by the characteristics of the employee and the employee's work experience (Nasir, 2020). This is in accordance with attribution theory, which explains that the causes of a person's behavior can be explained in terms of personal/individual characteristics (dispositional attribution) or in relation to the situation in which the behavior occurs (situational attribution) (Gibson et al., 2014: 97). A person's personal characteristics can be measured from one side, namely locus of control which explains how a person sees control in his life coming from within himself (internal factors) or how a person believes that his life is controlled by external factors.

H4. Locus of control affects the relationship between organizational commitment and auditor performance.

2.9 The Effect of Locus of Control on the Relationship between Work Stress and Auditor Performance

Rahardjo et al. (2016) states that the high locus control, then a person feels stress which leads to higher achievement. Positive perceptions of stress were also associated with higher average scores. Rahardjo et al. (2016) stated that locus control was able to moderate the effect of work stress on employee performance.

H5. Locus of control affects the relationship between work stress and auditor performance.

3. Research Method

This study aims to examine the effect of the independent variable on the dependent variable and the effect of the moderating variable. In this study, the researcher did not intend to intervene and manipulate the data to influence the results. The unit of analysis of this research is all internal auditors spread across all branch offices at Bank Sejahtera in 2020 from all Bank Sejahtera branch offices.

The population in this study were all branches of Bank Sejahtera in Banda Aceh City as many as 11 bank branches. This study uses the census method. The questionnaires distributed to Bank Sejahtera were 33, so the number of questionnaires to be distributed was 33 respondents. Respondents in this study are those who carry out the performance of auditors. Respondents in this study were represented by internal auditors.

This study uses quantitative methods. The data analysis technique in hypothesis testing uses multiple linear regression analysis technique which is a statistical technique used to test the effect between two or more variables and to see the effect partially and simultaneously. The multiple linear regression equation used in this study is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 X_1. Z + \beta_5 X_2. Z + \varepsilon \]

Description:
- \( Y \) = Auditor Performance
- \( \alpha \) = Constant
- \( \beta_1 \) = Organizational Commitment Regression Coefficient
- \( X_1 \) = Organizational Commitment
- \( \beta_2 \) = Work Stress Regression Coefficient
- \( X_2 \) = Work Stress
- \( \beta_3 \) = Locus Control Regression Coefficient
- \( Z \) = Locus Control
- \( \beta_4 \) = Organizational Commitment Regression Coefficient and Locus Control
- \( X_1. Z \) = Interaction Variables of Organizational Commitment and Locus Control
- \( \beta_5 \) = Work Stress Regression Coefficient and Locus Control
- \( X_2. Z \) = Interaction Variables and Locus Control
- \( \varepsilon \) = Error
4. Results
4.1 Respondents' Responses
The unit of analysis in this study were all internal auditors at 11 Bank Sejahtera Banda Aceh, with a total of 33 respondents. Questionnaires distributed to respondents can be returned with a 100% rate of return. This means that all 33 questionnaires distributed to respondents can be returned so that they can be used and processed with the SPSS program. The respondent’s response to the organizational commitment variable has an average value of 3.72 which is on a scale of 4, which is high, meaning that the respondent’s tendency is high and increases in organizational commitment. Furthermore, the tendency of respondents regarding work stress is on a scale of 4 with an average value of 3.54 respondents, which is high, meaning that high work stress can have a negative impact on auditor performance. Then the respondents' responses regarding the performance of the auditors are on a scale of 4 with an average respondent value of 3.83, which is high, meaning that the internal auditors have carried out quality work.

4.2 Validity and Reliability Tests
Validity testing aims to see whether or not a questionnaire item used in research variables is valid, with the basis for making the decision, namely if the value \( R_{calc} \) calculation is greater than the \( R_{table} \) value, then the variable questionnaire item is declared valid. The results of the validity test show that the instrument variables of auditor performance, organizational commitment, work stress, and locus of control have a value greater than 0.344. Thus, it can be stated research instruments from the variables of auditor performance, organizational commitment, work stress and locus control used are valid and can be used in research.

The reliability test's purpose is to test the reliability of variables used, with the basis for making decisions, namely if the Cronbach alpha value is greater than the \( R_{table} \) value, the variable is declared reliable, and vice versa. The results of the reliability study indicate that the Cronbach alpha value for the variables of auditors’ performance, organizational commitment, work stress, and locus control is greater than the \( R_{table} \) value. Thus, it can be stated that all the variables used are reliable.

4.3 Hypotheses Testing
Hypothesis testing is done by using multiple linear regression analysis and interaction regression test. The test results of multiple linear regression analysis can be seen in Table 1.

<table>
<thead>
<tr>
<th>type</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>10.729</td>
<td>3.412</td>
<td>3.144</td>
<td>.004</td>
</tr>
<tr>
<td>Organizational Commitment (X1)</td>
<td>.263</td>
<td>.071</td>
<td>.405</td>
<td>3.685</td>
</tr>
<tr>
<td>Work Stress (X2)</td>
<td>-.232</td>
<td>.098</td>
<td>-.214</td>
<td>-2.364</td>
</tr>
<tr>
<td>Locus of Control (Z)</td>
<td>.448</td>
<td>.096</td>
<td>.464</td>
<td>4.669</td>
</tr>
</tbody>
</table>

Based on Table 1, the linear regression equation is obtained, namely:

\[ Y = 10.729 + 0.263X_1 - 0.232X_2 + 0.448Z + \varepsilon \]

From the above equation, it can be explained as follows, the constant value (\( \alpha \)) is 10.729, meaning that if organizational commitment, work stress, and locus are considered constant, the auditor's performance value is 10.729 on a Likert scale unit. The regression coefficient of organizational commitment (\( \beta_1 \)) of 0.263 is positive, meaning that for every increase in organizational commitment of 1 unit, there is an increase in auditor performance of 0.263 units on the Likert scale. The value of the work
The stress regression coefficient (β2) is -0.232. The locus of control regression coefficient (β3) of 0.448 is positive, meaning that for every 1 unit increase in locus control, there will be an increase in auditor performance of 0.448 units on the Likert scale.

The results of the interaction regression test can be described in 3 models shown in Table 2.

<table>
<thead>
<tr>
<th>type</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>15.578</td>
<td>1.894</td>
<td>8.225</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Commitment (X1)</td>
<td>-0.072</td>
<td>.146</td>
<td>-.112</td>
<td>-.495</td>
</tr>
<tr>
<td>X1.Z</td>
<td>.016</td>
<td>.004</td>
<td>.998</td>
<td>4.427</td>
</tr>
</tbody>
</table>

Based on the results of the interaction test in the Table 2, the following regression equation is obtained:

\[ Y = 15.578 - 0.072 X_1 + 0.016 X_1.Z + \epsilon \]

The above equation can be explained as follows, the constant value (α) is 15.578, meaning that if the organizational commitment and the interaction of organizational commitment * locus of control are considered constant, the auditor's performance value is 15.578 on a Likert scale unit. The regression coefficient of organizational commitment (β1) is -0.072, which is negative, meaning that for every 1 unit increase in organizational commitment, there will be a decrease in auditor performance by 0.072 units on the Likert scale. And then, the regression coefficient of the interaction of organizational commitment and locus control (β2) of 0.016 is positive.

<table>
<thead>
<tr>
<th>type</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>33.764</td>
<td>1.847</td>
<td>18.280</td>
<td>.000</td>
</tr>
<tr>
<td>Work Stress (X2)</td>
<td>-1.340</td>
<td>.136</td>
<td>-1.237</td>
<td>-0.856</td>
</tr>
<tr>
<td>X2.Z</td>
<td>.035</td>
<td>.005</td>
<td>.898</td>
<td>7.153</td>
</tr>
</tbody>
</table>

Based on the results of the interaction test in the Table 3, the following regression equation is obtained:

\[ Y = 33.764 - 1.340 X_1 + 0.035 X_1.Z + \epsilon \]

The above equation can be explained as follows, the constant value (α) is 33.764, meaning that if work stress and work stress interaction * locus of control are considered constant, the auditor's performance value is 33.764 on a Likert scale unit. The work stress regression coefficient (β1) is -1.340 negative, meaning that for every 1 unit increase in work stress, the auditor's performance decreases by 1.340 units on the Likert scale. And then, the regression coefficient of the interaction of work stress and locus control (β2) of 0.035 is positive, meaning that for every increase in the interaction of work stress and locus of control by 1 unit, there is an increase in auditor performance of 0.035 units on the Likert scale.

4.4 Discussion

Statistical results state that that the regression coefficient value of β1 = 0.263, β2 = -0.232 dan β3 = 0.448. As the criteria for accepting the first hypothesis (H1) is at least one of β1, β2, β3 ≠ 0 then simultaneously organizational commitment, work stress, and locus control affect the performance of internal auditors. The results of this test prove that together organizational commitment, work stress, and locus control affect the performance of auditors of Bank Sejahtera so that it accepts Ha (alternative hypothesis) and rejects Ho (zero hypothesis).
Statistical results state that the variable of organizational commitment has a positive and significant effect on the performance of internal auditors at Bank Sejahtera. Trisnaningsih (2012) states that a commitment to the organization can be a driving force for an auditor to work better. A person's behavior can be seen from his commitment to the organization to improve its performance. Larasati and Laksito (2013) add that if the internal auditor already has a sense of commitment to his organization, then the internal auditor will try to improve the performance of the auditor so that the organization/company where he works can achieve the predetermined goals. Therefore, it can be concluded that the internal auditors of Bank Sejahtera in the Banda Aceh area all have high organizational commitment, this can be seen from the loyalty of the internal auditors to the organization and they assess that while working in the organization they get awards from the organization so that Bank Sejahtera's internal auditors stay longer in the organization and devote more energy to work.

Statistical results show that work stress has a negative effect on the performance of Bank Sejahtera's internal auditors. Moorhead and Griffin (2013: 186) state that one of the real organizational consequences of too much stress is a decrease in performance. Arifin (2021) states that there is a negative effect of work stress on employee performance. If the auditor's work stress is high and the existing stressors cannot be managed properly, it will affect the performance of Bank Sejahtera's auditors. Significantly influential indicates that work stress has a significant negative effect in relation to improving the performance of Bank Sejahtera's auditors.

Statistical results show that the locus control variable has a positive effect on the performance of Bank Sejahtera's internal auditors. Falikhatun & Baswir (2013) explains that performance is influenced by a person's behavior, namely, someone who behaves internally has a high orientation to the task at hand so that it will improve his performance. Furthermore, the results of Patten (2005) and Saputra (2014) show that good auditor performance can be seen from their internal locus of control.

Statistical results show that locus control can strengthen the relationship between organizational commitment and the performance of Bank Sejahtera's internal auditors. The results of this study indicate that the higher the locus of control and organizational commitment, the higher the performance of an employee. The results of this study indicate that there is an interaction between organizational commitment and locus of control that can improve the performance of internal auditors. This means that the organizational commitment process supported by the locus of control can improve the performance of internal auditors, where the locus of control can identify a person's perception of the causes of success or failure in carrying out their duties or work.

Statistical results show that locus control can strengthen the relationship between work stress and the performance of Bank Sejahtera's internal auditors. Rahardjo et al. (2016) explain that the more individuals have internal control behavior, the more a person feels stressed as a direction of higher achievement. The relationship between work stress and locus of control can improve the performance of internal auditors. High locus control can suppress high stress levels because the auditor can control his stress so that he stays focused on his work. Locus of control involvement can reduce high stress levels. With a good locus of control, internal auditors will be eager to work without feeling pressured or stressed at work, so the resulting performance is quite high.

5. Conclusion, Implication and Limitation
The results showed that organizational commitment, work stress, and locus of control affect the performance of internal auditors. Furthermore, locus control strengthens the relationship between organizational commitment and internal auditor performance. Similarly, locus control also strengthens the relationship between job stress and internal auditor performance. The limitation of this study is that it only uses
the locus of control variable as a moderator. There are other variables that can affect the relationship between organizational commitment, work stress, and locus of control on the performance of an audit internal. In addition, the questionnaire was developed by the researcher himself. In addition, the researcher did not conduct direct interviews with the respondents so the conclusions drawn were only based on the data through the questionnaires distributed to the respondents.

References


