

The Effect Of Internal Control And Organizational Commitment To Fraud prevention in hospital x in the city of bandung indonesia

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Abstract: The purpose of this study was to examine the effect of internal control and organizational commitment on fraud prevention, as well as to test the two independent variables on the dependent. This type of research is a quantitative descriptive study. The sample in this study were 106 employees of X hospital in Bandung, Indonesia. The data collection method in this research is a questionnaire, and the data analysis used in this research is descriptive analysis method and multiple linear regression analysis. The results of the F test show that the variables of internal control and commitment have a significant effect on the prevention of fraud at X Hospital in Bandung. The value of Adjusted $[R]^2$ of 0.768 indicates that Internal Control and Organizational Commitment have an effect on Fraud Prevention by 76.8% and the remaining 23.2% is explained by other variables not explained in this study.

Keywords: internal control, organizational commitment, fraud prevention.

1. Introduction

The effect of internal control on fraud prevention in companies has an effect that can cause the performance of service companies such as hospitals to decline not only for manufacturing companies but also on the national economy in general. The creation of good management in a company or organization can be a strength for the sustainability of the business itself. According to Weygant (2014) internal controls and information systems can be used to identify, analyze, and communicate organizational events. When the control and management of the organization is carried out properly, it will create strength and success for the organization itself. Niani and Lutfi (2018) stated that when internal control is weak, it can cause various frauds in the organization. This emphasizes that internal control is very important to protect and prevent fraud and abuse.

Fraud that occurs in an organization or company is committed in the presence of an intentional element that can benefit oneself or a group of people. Therefore, the need for an internal control system is important in any organization (Deborah, 2016; Mohasoa & Mokoena, 2019). The lower the level of control, the higher the likelihood of committing fraud. However, internal control, without being supported by the organizational commitment of its members, the organization cannot produce satisfactory performance.

Organizational commitment is a form of consistent attachment to a person or group of awareness and concern for organizational goals which are seen as common goals. From this point of view, commitment can be distinguished from motivation because motivation is an impetus to obtain certain benefits that are expected to be obtained. As a public health service entity, an understanding of the internal controls that are applied, if these controls are applied effectively, it can prevent fraud. In addition, internal control is able to affect the relevance of information which refers to the organization's ability to assess the results of an action. According to Saputra, (2016) fraud is defined as fraud or crime that is intended to generate personal or group benefits that should not be allowed. Damage caused by fraud can result in losses for the company. Good hospital management will certainly provide an overview of how the hospital is managed in a transparent manner, there is independence, accountability, responsibility and fairness so that performance can be achieved in accordance with the established vision and mission.

However, this hope has not been fully felt due to the inadequacy of the organization to create good management and the lack of commitment from the managers, resulting in various irregularities, fraud, smuggling and corruption. The phenomenon of fraud is commonplace in hospitals (Sakti, 2018). This study was proposed to investigate the effect of internal control and organizational commitment to fraud prevention at the "X" Hospital in Bandung. This study aims to determine, (1) whether internal control has an effect on fraud prevention? (2) does organizational commitment affect fraud prevention ?, and (3) does internal control and organizational commitment affect fraud prevention at "X" Hospital in Bandung City?

2. Theoretical Framework

Internal control

Internal control is part of a system that is used as a company or organizational operational guideline procedure to identify, analyze, and communicate any organizational events. Companies generally use an internal control system to direct the company's operations and prevent misuse of the system, therefore, it is necessary to have a good control system implemented by the management. Mulyadi (2002) states that the Internal Control system is a process carried out by management which is designed to provide adequate assurance about the achievement of objectives, namely financial reporting, compliance, and operational effectiveness and efficiency. Internal control, as defined in accounting and auditing, is a process to ensure the achievement of organizational objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. A broad concept, internal control involves everything that controls risk for an organization (Muna & Haris, 2018).

According to Deborah Iyinomen and Teresa Nkechi, (2016) stated that internal control is a policy and procedure that can protect against misuse and provide accurate information. The effectiveness of internal control means that the company's goals have gone according to planning with control and supervision so that the control and supervision of fraud will not occur (Deborah Iyinomen and Teresa Nkechi, 2016). A control control is designed to prevent errors or irregularities that occur in the organization. According to Deborah and Teresa (2016), among examples of prevention that can be done are segregation of duties, approval, authorization and verification, as well as asset security. Sari (2015) mentions the importance of internal control in safeguarding an entity from weaknesses in its personnel and reducing the potential for errors made. Research conducted by Hogan et al (2008) states that the role of auditors as part of the internal control system can reduce and prevent fraud. Puspasari and Suwardi (2016) examined the influence of individual moral and internal control on the tendency of individual behavior to commit fraud.

H1. Internal control affects fraud prevention.

Organizational Commitment

Organizational commitment is one of the behaviors in organizations that are widely discussed and researched, both as the dependent variable, the independent variable, and the mediator variable (Khikmah 2005). This is partly because organizations need employees who have high organizational commitment so that the organization can continue to survive and improve the services and products it produces. Muna (2018) states that employees who have high organizational commitment are employees who are more stable and more productive so that in the end they are also more profitable for the organization.

Several other definitions state that organizational commitment is a personal value, which sometimes refers to being loyal to the company (Muna & Haris, 2018). Meanwhile, Robbins (2003) argues that organizational commitment is one of the attitudes that reflect feelings of like or dislike towards the organization where you work. Etymologically, performance comes from the word performance. As stated by Zarlis (2019), the term performance comes from the word work performance or actual performance, namely work performance or achievements that a person actually achieves with the quality and quantity of work achieved by an employee in carrying out his duties in accordance with the responsibilities given to her.

Performance can be divided into two, namely individual performance and organizational performance. Individual performance is the result of employee work in terms of quality and quantity based on predetermined work standards, while organizational performance is a combination of individual performance and group performance. Zarlis, (2019) states that employee performance is a measure that can be used to compare the results of the implementation of tasks, responsibilities given by the organization in a certain period and can be used relatively to measure organizational performance or performance (Wilopo, 2006). Zulfritri (2012) states that organizational commitment simultaneously or partially affects fraud.

H2. Organizational commitment affects fraud.

Accounting Fraud

Fraud is a criminal fraud intended to provide financial benefits to the fraudster. Criminal here means any serious wrongdoing committed with malicious intent. And from this evil act he benefits and harms the victim financially. Biaini and Lutfi (2018) define fraud as an act of deliberately using internal resources inappropriately and misrepresenting facts with the aim of obtaining personal gain (Artini et al., 2014). IAI (2011) defines accounting fraud as, (a) misstatement or deliberate omission of amounts or disclosures in financial statements to deceive users of financial statements. (b) misstatement arises as a result of fraudulent use of assets (as misuse or

embezzlement) relating to theft of the entity's assets. This incident resulted in the process of preparing financial statements that were not presented in accordance with generally accepted financial principles. According to Muna and Haris, (2018) categorizes accounting fraud into three parts, namely: (a) corruption, (b) fraudulent financial statements and (c) misuse of assets.

H3. Internal control and organizational commitment have an effect on fraud at hospital X in the city of Bandung

3. Research methods

This study uses explanatory research with a quantitative approach. In this study, the population was used as the sample, because the population studied was relatively small, so that all respondents were used as a sample of 33 respondents, in this case the employees were chosen to be the sample. The sampling method used was purposive sampling technique. The data collection method used a questionnaire and the type of data analysis used was descriptive statistical analysis by adopting multiple regression analysis techniques. The technique used to measure internal control (x1) and organizational commitment (x2) to fraud prevention (Y) is a Likert scale which has five alternative answers: 1 Strongly disagree (SD) to 5. Strongly agree (SA).

4. Results and Discussion

From these results it can be seen that most of the respondents were women with a total percentage of 78% and men by 22%. The validity and reliability tests are as follows:

Table 1. Criteria for Respondents by Gender

Gender	Percentage
Male	22%
Female	78%

Source: Data processed in 2020

From these results it can be seen that most of the respondents were women with a total percentage of 78% and men by 22%. The validity and reliability tests are as follows:

Table 2. Validity Test

Variable	Question	r Count	r Table	Description
Internal Control (x1)	X1.1	0,756	0.05	Valid
	X1.2	0,749	0.05	Valid
	X1.3	0,659	0.05	Valid
	X1.4	0,642	0.05	Valid
	X1.5	0,745	0.05	Valid
Organizational Commitment (X2)	X2.1	0,782	0.05	Valid
	X2.2	0,735	0.05	Valid
	X2.3	0,712	0.05	Valid
	X2.4	0,626	0.05	Valid
	X2.5	0,742	0.05	Valid
Fraud Prevention (Y)	Y1.1	0,809	0.05	Valid
	Y1.2	0,871	0.05	Valid
	Y1.3	0,833	0.05	Valid

Based on the validity measurement results, the value of data validity obtained in this study has Sig. Alpha level ≤ 0.05 level means that the research variable is valid. The reliability test is as follows:

Table 3. Reliability Test

Variable	Cronbach Alpha (>0,70)	Information
Internal control	0,736	Reliable
Organizational commitment	0,873	Reliable
Fraud	0,845	Reliable

Based on table 1.3. above, it can be seen that the Cronbach Alpha value of all tested variables is above 0.70, it can be concluded that all variables in this study are declared reliable.

Table 4. Multiple Linear Regression Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.197	1.070		.185	.854
Internal control	.255	.112	.156	2.094	.039
Organizational commitment	.514	.052	.758	10.190	.000

a. Dependent Variable: Fraud Prevention

From the table above, the regression equation obtained is:

$$Y = 0.197 + 0.255 X1 + 0.514 X2 + e$$

Constants: The constant value is 0.197. This means that if internal control (X1) and organizational commitment (X2) are 0, then fraud prevention (Y) is 0.197.

Internal control: 0.255. It is the regression coefficient value of the internal control variable on the dependent variable (fraud prevention). This means that if other independent variables remain (constant) and internal control increases, the effect on fraud prevention will increase by 0.255 or 25.5%. The coefficient is positive, meaning that internal control and fraud prevention have a positive relationship. The increase in internal control will have an effect on fraud prevention.

Organizational commitment: 0.514. It is the regression coefficient value of the variable organizational commitment to the fraud prevention variable. This means that if other independent variables remain (constant) and organizational commitment has increased by one unit, it will have an effect on fraud prevention in the organization. The coefficient is positive and there is a positive relationship between organizational commitment and fraud prevention, the higher the organizational commitment, the higher the level of fraud prevention in the organization.

Table 5. Determination Coefficient Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876 ^a	.768	.753	0,956

a. Predictors: (Constant), Organizational commitment, Internal control

b. Dependent Variable: Fraud prevention

Based on the table 1.5 above, it can be concluded that fraud prevention can be explained by internal control variables and organizational commitment of 0.753 or 75.3%, while the remaining 24.7% is influenced or explained by other variables not included in this study.

Table 6. T Test Results

	The coefficient	t Calculate	the Significance	Probability
Constant	0,198			
Internal control	0,236	2,084	0,049	0,05
Organizational Commitment	0,533	10,290	0,000	0,05

Based on the table above, it is known that the significance value (Sig.) Of the internal control variable (X1) is 0.049. Because the sig. 0.049 < 0.05 probability, and it is known that the t table value is 1.987, while the t value of the internal control variable is 2.084. because the t value is 2.084 > t table 1.987, so it can be concluded that H1 or the first hypothesis is accepted. This means that there is an effect of internal control (X1) on fraud prevention (Y). As for variables organizational commitment (X2) is 0.000. Because the sig. 0,000 < probability 0.05, and it is known that the t table value is 1.987, while the t value of the organizational commitment variable is 10.290, so it

can be concluded that H2 or the second hypothesis is accepted. This means that there is an effect of organizational commitment (X2) on fraud prevention (Y). The results of this study are supported by research conducted by Deborah (2018) which states that organizational commitment has an influence on fraud prevention.

Table 7. ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	263.534	2	131.767	134.028	.000 ^a
	Residual	79.588	87	.915		
	Total	343.122	89			

a. Predictors: (Constant), Organizational Commitment, Internal control

b. Dependent Variable: Fraud prevention

Based on the table above, it is known that the significance value (Sig.) is 0,000. Because the sig. 0,000 <probability 0.05, and it is known that the F table value is 3.10, while the calculated F value is 134.028. because the value of F count 134.028 > t table 3.10, so it can be concluded that this hypothesis is accepted. This means that there is a simultaneous influence between internal control (X1) and organizational commitment (X2) on fraud prevention (Y).

5. Conclusion

From the results of the F test analysis (simultaneous testing), it can be seen that internal control and organizational commitment have a simultaneous (joint) effect on fraud prevention. So that all dimensions and indicators of internal control variables and organizational commitment must be combined appropriately in order to have an overall effect on fraud prevention in private hospitals in the city of Bandung. Based on the results of this study, the results of the t test (partial testing) were carried out on internal control variables and organizational commitment, which resulted in a partial effect on fraud prevention in private hospitals in the city of Bandung. From the test results of the coefficient of determination, it can be seen that the result of the Adjusted R Square is 0.768, which means that the independent variables in this study have an effect of 76.8% on the dependent variable. However, when viewed from the value of R is 0.876, this indicates that the independent variables have a strong enough correlation to the dependent variable.

6. Managerial Implications

The results of this study are expected to be able to provide an overview for planning hospital programs and strategies in order to prevent fraudulent practices that occur, especially for hospital service companies or the like. In planning an effective program and strategy, it must take into account the ability of the organization or institution to exercise internal control and an understanding of organizational commitment so as to prevent fraud.

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