

# THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

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## Abstract

BUMN construction companies in Indonesia are experiencing declining performance. Management is crucial to help improve performance by focusing more on internal control to ensure the company achieves its goals. The objective of this study was to analyze the influence of the Control Environment, Risk Assessment, Monitoring Activities, Control Activities, Information and Communication, and Monitoring on employee performance. The research method used quantitative research. The population in this study was all employees of state-owned construction companies in Indonesia, with a sample size of 150 employees. Data collection methods used a questionnaire with a Likert scale. Data analysis methods included multiple linear regression analysis, the Classical Assumption Test, the t-test, the F-test, and the R-test. The results of the study indicate that the Control Environment has a significant positive effect on employee performance, with a t-test significance value of  $0.000 < 0.05$ . Risk assessment has a significant positive effect on employee performance, with a t-test significance value of  $0.000 < 0.05$ . Control Activities have a significant positive effect on employee performance, with a t-test significance value of  $0.000 < 0.05$ . Information and communication have a significant positive effect on employee performance, with a t-test significance value of  $0.004 < 0.05$ . Monitoring has a significant positive effect on employee performance, with a t-test significance value of  $0.000 < 0.05$ .

**Keywords:** Internal Control System, Employee Performance, State-Owned Construction Companies, Indonesia.

## INTRODUCTION

Companies need performance evaluation systems and tools to help them become more efficient and competitive as the corporate world continues to evolve in a more open economic climate. Companies implement various plans, work techniques, objectives, and strategies with the common goal of maximizing profits. To achieve good organizational performance, these objectives must be met (Apriwanto, 2022). A company's internal control system (ISC) is one component that influences its performance. By implementing processes and procedures known as an internal control system, a company can increase the likelihood that its assets will be secure, records will be maintained accurately, information will be provided in a timely manner, efficiency will be improved, compliance will be encouraged, and the company will comply with all applicable regulations (Manikome, 2025). When it comes to managing risk and building a governance system, internal control is crucial. It generates, enhances, and protects stakeholder value while ensuring the achievement of company objectives. Internal control is a must (Ulum, 2022).

Companies owned by the Indonesian government are known as State-Owned Enterprises (SOEs). SOEs are business entities whose capital is owned, either wholly, in large part, or in small part, by the state and whose management is regulated by the government. One such SOE is a state-owned enterprise in the construction sector. Based on financial reports, several SOEs in the construction sector experienced a very sharp decline in 2020 and all were affected. PT Adhi Karya (Persero) Tbk (ADHI) released its 2020 financial report. Based on the financial report, ADHI recorded a net profit of IDR 23.98 billion. The amount of profit in 2020 plummeted to IDR 663.8 billion. Another state-owned construction issuer, PT Waskita Karta Tbk (WSKT), suffered a net loss of IDR 7.38 trillion throughout last year, from a net profit of IDR 938.14 billion the previous year. PT PP Tbk (PTPP) was forced to post a sharp decline in net profit of up to 84.28% year-on-year. PTPP's net profit was recorded at Rp 128.75 billion, down

from Rp 819.46 billion at the end of 2019. Another state-owned construction company, PT Wijaya Karya Tbk (WIKY), experienced a significant decline in performance throughout 2020. The company's net profit plunged to Rp 185.76 billion as of December 31, 2020. This figure is far from the company's achievement in the same period the previous year, which was Rp 2.28 trillion, representing a 91.87% year-on-year decline (CNN Indonesia, 2020).

At the same time, according to a World Bank report called the Infrastructure Sector Assessment Program (InfraSAP), obtained by CNNIndonesia.com, state-owned construction companies PT Waskita Karya, PT Wijaya Karya, PT Pembangunan Perumahan, and PT Adhi Karya are vulnerable to financial pressures caused by increasing leverage. The government's dependence on state-owned companies for development infrastructure is over-invested, and here's why. State-owned enterprises are also believed to have an ongoing obligation to seek funding to support infrastructure development (CNN Indonesia, 2022). According to CNNIndonesia.com, economist Mohammad Faisal from the Center for Reform on Economics (CORE) stated that the Required Return on Assets (DER) of state-owned construction companies is currently very worrying. The DER of the four companies has increased by 100%, which is the reason behind this. Due to continued negative operating cash flow, the finances of state-owned construction companies are seen as increasingly precarious (CNN Indonesia, 2022).

Business scandals have occurred as a result of poor internal control systems and abuse of power by executives. Companies need to ensure their internal control systems remain effective in the modern business world. With the rise of shared services, outsourcing, organizational regulation, reliance on technology, stakeholder expectations, and other factors, organizational structures have undergone significant changes. These profound changes increase organizational risk. These incidents indicate that state-owned enterprises (SOEs) face several challenges in their performance. Therefore, senior management must play a crucial role in achieving and improving business performance, particularly in the Indonesian SOE construction industry, by placing greater emphasis on internal control.

This research will analyze the components of the internal control system which include the control environment, risk assessment, control activities, information and communication, monitoring by using the principles and attributes of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in assessing the effectiveness of internal control systems. COSO presents an updated integrated internal control framework. This framework will enable organizations to effectively and efficiently develop and maintain internal control systems that can increase the likelihood of achieving entity objectives and adapt to changes in the business and operating environment (COSO, 2013). Based on the phenomena and problems that have been described, the author examines the influence of the internal control system on the performance of state-owned construction companies in Indonesia.

## **LITERATURE REVIEW**

### **Agency Theory**

According to Jensen and Meckling (1976), agency theory, often referred to as contractual theory, views a corporation as a contractual relationship between its members. Furthermore, they argue that an agency relationship is a contract between one or more parties who employ another party to perform services on their behalf. This contract also includes the delegation of certain decision-making authority to the other party. Each party in the relationship has an inherent interest in the firm's performance (Rahman, 2022).

### **Internal Control System**

The internal control system is a process involving the board of commissioners, management, and other personnel, which is designed to provide reasonable assurance regarding the achievement of three objectives, namely: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations. COSO emphasizes Internal Control as a "process" that is an integral part of the entity's ongoing business activities. (Manikome, 2025).

Mahmudi (2019) explains that the components of the government's internal control system consist of five components, namely:

#### 1) Control Environment

Environment control describes the overall organizational attitude that influences the awareness and actions of organizational personnel regarding control.

#### 2) Risk Assessment

Risk assessment, namely the organization's management must consider all risks, both internal and external, or the possibility of objectives not being achieved. In addition, the risk that financial reports may be misunderstood. Material risks must also be considered. Ulum (2022) explains that the objective of financial

# THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

Rangga Bagus Sena dan Ayu Chairina Laksmi

reporting is the process of identifying, analyzing, and managing entity risks related to the preparation of financial statements in accordance with generally accepted accounting principles. This begins with establishing clear and consistent government agency goals and objectives, both at the activity level. Next, government agencies efficiently and effectively identify risks that could hinder the achievement of these goals, both internal and external.

## 3) Control Activities

Control activities are policies and procedures established to ensure the implementation of the instructions made by management. Policies and procedures established by management to achieve objective financial reporting goals (Ulum, 2022).

## 4) Information and Communication

Control policies and procedures related to the accounting system are that transactions are carried out by preventing potential misstatements of management statements in the financial statements (Ulum, 2022). Government agencies must have relevant and reliable information, both financial and non-financial, related to external and internal events, which provide and utilize various forms and means of communication and manage, develop and update information systems continuously.

## 5) Monitoring

The process of assessing the performance quality of the internal control structure over time (Ulum, 2022). Implemented through continuous monitoring, separate evaluations, and follow-up on recommendations from audits and other reviews. Continuous monitoring is conducted through routine management activities, supervision, benchmarking, reconciliation, and other actions related to task implementation. Separate evaluations are conducted through self-assessments, reviews, and testing of the effectiveness of the internal control system, which can be conducted by internal government supervisory officials or external government parties. Follow-up on recommendations from audits and other reviews must be promptly completed and implemented in accordance with the established mechanisms for resolving recommendations from audits and other reviews (Ilyas, 2021).

## Employee Performance

Employee performance is work achievement, namely a comparison between work results that are seen in real terms with work standards that have been set by the organization. (Dessler, 2020). Meanwhile, Robbins (2022) defines performance as the results achieved by employees in their work according to certain criteria that apply to a job. Employee performance indicators according to Mathis and Jackson in Rasid (2023) are as follows: Quantity, Quality, Timeliness of work, Disciplined attendance, Efficiency of work completed, and Effectiveness of work completed.

## Hypothesis Development

### The Influence of The Control Environment on Performance.

The control environment is the control that affects the entire organization and becomes the “individual atmosphere of the organization in carrying out its activities”. activity and carry out responsibilities for the controls that are part of it. The Control Environment is the basic foundation that underlies a company's internal control system (Lestari, 2023). If the Control Environment shows good conditions, it can have a positive influence on a company/organization. Conversely, if the control environment is poor, it indicates that the organization is unhealthy. (Welly, 2021). Agency theory describes the relationship between the principal (government) and the agent (management and employees). Implementing a sound control environment helps mitigate conflicts of interest, reduce information asymmetry, and ensure agents act in the principal's best interests (Febro, 2024).

Pangaribuan (2022) stated that the control environment influences employee performance. Research conducted by Yori (2023), Sandra (2021), Febro (2024), Harahap (2022), and Nguyen (2023) showed that the control environment influences employee performance.

Based on this description, the following hypothesis is formulated:

H1: EnvironmentControl has a positive effect on employee performance.

### The Influence of Risk Assessment on Performance.

Companies must establish mechanisms to identify, analyze, and manage related risks. For a company to carry out activities established to achieve its goals, good performance is required, so that the organization can run harmoniously (Ulorlo, 2025). In the context of agency theory, suboptimal risk assessment can arise from conflicts of interest between the principal and agent. Agents have better information about operational risks, but if risk assessments are not well integrated, information asymmetry occurs, where the principal lacks access to critical

# THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

Rangga Bagus Sena and Ayu Chairina Laksmi

information. Agents may not manage risks appropriately due to a lack of incentives or adequate understanding. Agency theory emphasizes the need for strong control mechanisms to ensure agents act in the principal's best interests. Effective risk assessment reduces information asymmetry, ensures transparent and accountable risk management, and prevents losses and budget inefficiencies (Febro, 2024).

The findings of Welly (2021) and Pangaribuan (2022) show that there is a positive influence between control activities and employee performance. Research conducted by Yori (2023) Sandra (2021), Harahap (2022) and Nguyen (2023) showed that control activities influence employee performance.

Based on this description, the following hypothesis is formulated:

H2: Risk assessment has a positive effect on employee performance.

## The Influence of Control Activities on Performance.

Control activities are policies and procedures that help ensure that members of an organization carry out management's instructions, and in addition, control activities are policies and procedures that help companies ensure that tasks and instructions issued by management are carried out (Moodoto, 2022). Agency theory explains that effective control activities play a vital role in reducing conflicts of interest between principals and agents. Principals expect agents to manage public resources effectively and efficiently. Control activities such as segregation of duties, transaction authorization, and supervision serve to reduce the risk of moral hazard and information asymmetry, ensure agents are responsible for their actions, and increase accountability. (February, 2024).

The findings of Welly (2021) and Pangaribuan (2022) show that there is a positive influence between control activities and employee performance. Research conducted by Yori (2023) Sandra (2021), Harahap (2022) and Nguyen (2023) shows that control activities influence employee performance.

Based on this description, it is assumed that the formulation is as follows:

H3: Control activities have a positive effect on performance.

## The Influence of Information and Communication on Performance.

Information and communication are important milestones in improving the performance of quality and relevant government agencies to support their functions. Internal Control (Sandra, 2021). Information and communication are essential for an entity to carry out internal control responsibilities and support the achievement of its objectives. Implementing information and communication is a crucial contribution to producing quality accounting information and supporting the effective functioning of the government's internal control system (Welly, 2021). Agency theory explains that the distribution of relevant and accurate information is unequal, and internal communication and communication facilities are still limited. Ineffective communication systems hinder the flow of information exchange, thus impacting decision-making and transparency in management (Febro, 2024).

The findings of Welly (2021) and Pangaribuan (2022) show that there is an influence between information and communication toward employee performance has a positive impact. Research conducted by Yori (2023), Sandra (2021), Febro (2024), Harahap (2022) and Nguyen (2023) shows that information and communication influence employee performance.

Based on this description, it is assumed that the formulation is as follows:

H4: Information and communication has a positive effect on employee performance

## The Effect of Monitoring on Performance.

Monitoring also has a big influence on the performance of government agencies because in the process monitoring can select, evaluate, develop, and communicate internal control deficiencies, thus facilitating company decision-making (Pangaribuan, 2022). Evaluating internal control deficiencies also impacts the quality of an agency's performance results, resulting in reliability. A reliable information system can help employees process data accurately, completely, and error-free, and avoid intentional or dishonest misstatements of accounting information (Sandra, 2021). Control system oversight is carried out through routine activities, monitoring, comparisons, reconciliations, and other actions. Special assessments are used to evaluate system effectiveness through self-assessments, reviews, and effectiveness trials (Febro, 2024). Research conducted by Yori (2023) Sandra (2021), Harahap (2022) shows that monitoring influence employee performance. The findings of Welly (2021) and Pangaribuan (2022) show that there is an influence of monitoring to employee performance has a positive impact.

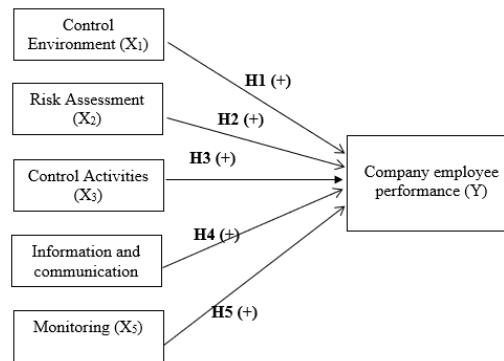
Based on this description, the following hypothesis can be developed:

H5: Monitoring has a positive effect on employee performance.

The following is a picture of the research framework used in this study:

# THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

Rangga Bagus Sena dan Ayu Chairina Laksmi



## METHODS

Research methods The method used is a quantitative method with a causal explanatory approach. The population in this study is all over employee state-owned construction companies in Indonesia. The sampling technique in this study used purposive sampling. Sampling was taken using Hair et al. in Daengs (2022), can be determined as follows: Depending on the number of parameters estimated. The guideline is 5-10 times the number of parameters estimated. The number of questions used is 30 items. Therefore, the number of samples used in this study with a minimum limit of respondents is 30 items x 5 = 150, while the maximum limit is 30 x 10 = 300. This study took a minimum number of samples used of 150 respondents. This number is considered sufficient to represent the population to be studied because it has met the minimum sample limit. The data collection technique used a survey by distributing questionnaires. The questionnaire measurement used a Likert scale with answer options: strongly agree, agree, somewhat agree, disagree, and strongly disagree. The data analysis model in this study uses SPSS version 21 software. The data analysis technique uses multiple linear regression. Hypothesis testing uses the t-test, F-test, and R2.

## RESULTS AND DISCUSSION

This study uses the entire population employees of state-owned construction companies in Indonesia. The sampling criteria were employees aged 18-50, employees working in state-owned construction companies in Indonesia, and employees working in auditing, accounting, or finance. The questionnaire was distributed face-to-face and completed via Google Forms. The following are the respondent characteristics:

**Tabel 1. Respondent Characteristics**

<b>Gender</b>	<b>Frequency</b>	<b>%</b>
1. Male	82	54.67
2. Women	68	45.33
Total	150	100
<b>Age</b>	<b>Frequency</b>	<b>%</b>
20 - 25 Years	12	8
26 – 35 Years	37	24.67
36 - 45 Years	68	45.33
> 46 Years	33	22
Total	150	100
<b>Education</b>	<b>Frequency</b>	<b>%</b>
Elementary School	0	0
Junior High School	0	0
Senior High School	0	0
S1	127	84.67
S2	23	15.33
Total	150	100
<b>Years of service</b>	<b>Frequency</b>	<b>%</b>
1-5 years	22	14.7
6-10 years	109	72.6
> 10 years	19	12.7
Total	150	100

# THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

Rangga Bagus Sena and Ayu Chairina Laksmi

The table above shows that, among the 150 respondents in this study, 82 (54.67%) were male, dominated by 68 (45.33%) aged 36 to 45 years, dominated by 127 (84.67%) with a bachelor's degree, dominated by 109 (72.7%) with a work experience of 6 to 10 years.

## Multiple Regression Analysis Results

Results of multiple linear regression analysis as following:

**Table 2. Multiple Linear Regression Test Results**  
Coefficients<sup>a</sup>

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	1,206	0.059		3,468	0.001
Control Environment (X1)	0.180	0.043	0.171	4,193	0,000
Risk assessment(X2)	0.363	0.038	0.376	9,441	0,000
Control Activities (X3)	0.146	0.035	0.135	4,215	0,000
Information and communication(X4)	0.118	0.040	0.112	2,940	0.004
Monitoring(X5)	0.234	0.049	0.222	4,758	0,000
F Test Results	F test value =1572.960, significance value = 0.000				
R= 0.991	R2=0.982		Adjusted R2 = 0.981		

Source: processed secondary data, 2025

From the table above, the multiple regression equation is obtained as follows:

$$Y = 1.206 + 0.180X_1 + 0.363X_2 + 0.146X_3 + 0.118X_4 + 0.234X_5$$

The multiple regression equation above can be interpreted as follows:

- The constant value of 1.206 can be interpreted as if the Control Environment variable (X1), risk assessment (X2), Control Activities (X3), information and communication (X4), monitoring (X5) is considered zero, then employee performance (Y) is 1.204.
- The regression coefficient of the Control Environment variable (X1) was obtained at 0.180 with a positive coefficient direction. This indicates that if the Control Environment (X1) increases, it will increase employee performance (Y). Conversely, if the Control Environment (X1) decreases, it will decrease employee performance (Y).
- Variable regression coefficient risk assessment (X2) was obtained as 0.363 with a positive coefficient direction. This shows that if risk assessment (X2) increases, it will increase employee performance (Y). Conversely, if risk assessment (X2) decreases, it will decrease employee performance (Y).
- The regression coefficient of the Control Activity variable (X3) was obtained at 0.146 with a positive coefficient direction. This indicates that if Control Activity (X3) increases, it will increase employee performance (Y). Conversely, if Control Activity (X3) decreases, it will decrease employee performance (Y).
- Variable regression coefficient information and communication (X4) was obtained as 0.118 with a positive coefficient direction. This shows that if information and communication (X4) increases, it will increase employee performance (Y). Conversely, if information and communication (X4) decreases, it will decrease employee performance (Y).
- Variable regression coefficient monitoring (X5) was obtained as 0.234 with a positive coefficient direction. This shows that if monitoring (X5) increases, it will increase employee performance (Y). Conversely, if monitoring (X5) decreases, it will decrease employee performance (Y).

## Hypothesis Testing

Hypothesis testing in this study includes the F test, t test and determination test.

### Model Feasibility Test (F test)

A goodness of fit test was conducted to determine whether the regression model was suitable for use. Table 2 shows the F-test results with a significance value of 0.000. Therefore, at a significance level of 5% ( $\alpha = 0.05$ ), it can be concluded that the significance value of  $0.000 < 0.05$  means the model in this study is suitable for use.

### **t-test**

The results obtained a significance value of 0.000 according to Table 2. So at a significance level = 5% ( $\alpha = 0.05$ ) it can be concluded that the significance value =  $0.000 < 0.05$ . These results indicate that the Control Environment has a positive and significant effect on employee performance. Thus, it can be concluded that hypothesis 1 is proven and supported. A significance value of 0.000 is obtained from Table 2. Therefore, at a significance level of 5% ( $\alpha = 0.05$ ), the significance value is  $0.000 < 0.05$ . These results indicate that risk assessment significantly influences employee performance. Thus, it can be concluded that hypothesis 2 is proven and supported. Based on Table 2, the resulting significance value is 0.000. Therefore, at a significance level of 5% ( $\alpha = 0.05$ ), it can be concluded that the significance value =  $0.000 < 0.05$ . These results indicate that Control activities have a positive and significant effect on employee performance. Thus, it can be concluded that hypothesis 3 is proven and supported. Based on Table 2, the significance value obtained was 0.004. Therefore, at a significance level of  $\alpha = 5\%$  ( $\alpha = 0.05$ ), it can be concluded that the significance value of  $0.004 < 0.05$ . These results indicate that information and communication have a positive and significant effect on employee performance. Therefore, it can be concluded that hypothesis 4 is proven and supported. Based on Table 2, the significance value obtained is 0.000. Therefore, at a significance level of  $\alpha = 5\%$  ( $\alpha = 0.05$ ), it can be concluded that the significance value of  $0.004 < 0.05$ . These results indicate that monitoring has a positive and significant effect on employee performance. Thus, it can be concluded that hypothesis 5 is proven and supported.

### **Coefficient of Determination Test**

The test results are shown in Table 2 for the correlation coefficient (R), determination coefficient (R Square), and adjusted determination coefficient (Adjusted R Square). Based on the model summary table above, the Adjusted R square value is 0.981 or 98.1%. This result indicates that the Control Environment variable (X1), risk assessment (X2), Control Activities (X3), information and communication (X4), monitoring (X5) has a very strong relationship with employee performance. The results in the table above also show that the coefficient of determination (R Square) is 0.982 and the adjusted coefficient of determination (Adjusted R Square) is 0.981. This means that 98.1% of changes in employee performance can be explained by variations in the Control Environment variable (X1), risk assessment (X2), Control Activities (X3), information and communication (X4), monitoring (X5). While the remaining 1.9% is explained by other factors outside the regression model.

### **Discussion**

#### **The Influence of The Control Environment on Performance Employee**

Based on the research results, it shows significance value of  $0.000 < 0.05$ , indicating The Control Environment has a significant positive effect on employee performance. The Control Environment sets the tone for an organization, influencing the awareness of control and the attitudes of its employees toward performance in every part of the organization. The Control Environment is the foundation of all other internal control components that influence employee performance. This control environment is disciplined and structured. In regulate the activities of its organizational members in order to achieve the goals desired by the company (Sabira, 2019). The results of this study are in line with research conducted by Pangaribuan (2022) stated that the control environment influences employee performance. Research conducted by Yori (2023), Sandra (2021), Febro (2024), Harahap (2022), and Nguyen (2023) showed that the control environment influences employee performance.

#### **The Influence of Risk Assessment on Performance Employee**

Based on research results show significance value of  $0.000 < 0.05$ , indicating that risk assessment has a significant positive effect on employee performance. Effective risk assessment reduces information asymmetry, ensures transparent and accountable risk management, and prevents losses and budget inefficiencies (Febro, 2024). Companies must establish objectives that are integrated with sales, production, marketing, finance, and other activities to ensure the organization operates harmoniously. In a way Concept, the purpose of management conducting a risk assessment is to determine how to address the risks that have been identified, where risk assessment is a process to identify risks that become obstacles in achieving company goals and prevent the occurrence of risks that are detrimental to the company by addressing the identified risks. With a risk assessment, employees can further improve their performance in addressing all possible risks and with their abilities, employees can avoid negligence in working so that they can produce output that is in accordance with company expectations. It can be concluded that if employees can minimize risks when carrying out their duties, then it can be said that employee performance is good (Sabira, 2019). Results study This is in line with research conducted by Welly (2021) and Pangaribuan (2022)

showed that there is an influence between risk assessment and employee performance has a positive impact. Research conducted by Yori (2023) Sandra (2021), Harahap (2022) and Nguyen (2023) shows that risk assessment influence employee performance.

### **The Influence of Control Activities on Performance Employee**

Based on the research results, it shows significance value of  $0.000 < 0.05$ , indicating that Control activities have a significant positive effect on employee performance. Based on the results of the study, it shows that control activities have a significant positive effect on government performance. Control activities are policies and procedures that help ensure that management orders have been carried out by members of the organization. In addition, control activities are policies and procedures that can help a company ensure that tasks and orders given by management have been carried out. Control activities are policies and procedures that provide assurance that the necessary actions or activities have been carried out effectively and efficiently (Sabira, 2019). The results of the study are in line with research Welly (2021) and Pangaribuan (2022) showed that there is a positive influence between control activities and employee performance. Research conducted by Yori (2023) Sandra (2021), Harahap (2022) and Nguyen (2023) shows that control activities influence employee performance.

### **The Influence Information and Communication Influences on Performance Employee**

Based on the research results, it shows significance value of  $0.004 < 0.05$ , indicates that information and communication has a significant positive effect on employee performance. Information and communication are important milestones in improving the performance of government agencies, ensuring quality and relevance to support internal control functions (Sandra, 2021). Information and communication are essential for entities to carry out internal control responsibilities and support the achievement of their objectives. Implementing information and communication is a crucial contribution to producing quality accounting information. Support achieving good government internal control system functions (Welly, 2021). Companies are required to use systems in their operational activities. It can be concluded that employees constantly obtain and exchange information necessary to implement, manage, and control their operations. Information and communication have a positive impact on improving employee performance because information and communication within a company are part of the goal of adequate internal control (Sabira, 2019). The research results are in line with study Welly (2021) and Pangaribuan (2022) showed that there is an influence between information and communication regarding employee performance has a positive impact. Research conducted by Yori (2023), Sandra (2021), Febro (2024), Harahap (2022) and Nguyen (2023) shows that information and communication influence employee performance.

### **The Influence of Monitoring on Performance Employee**

Based on the research results, it shows significance value of  $0.000 < 0.05$ , indicating that monitoring has a significant positive effect on employee performance. The research results show that monitoring activities have an effect on employee performance. Monitoring and employee performance are closely linked because they are essential for assessing the quality of employee performance, whether it meets work standards or not. Monitoring is the final component, which provides an operational assessment of internal control over employee activities throughout their time at the company. Regular monitoring of employee performance allows management to identify each employee's developmental abilities, which can improve performance quality and lead to greater employee discipline (Sabira, 2019). The results of this study are in line with research Yori (2023) Sandra (2021), Harahap (2022) showed results that monitoring influence employee performance. Welly's findings (2021) and Pangaribuan (2022) shows that there is an influence of monitoring to employee performance has a positive impact.

## **CONCLUSION**

Based on the research results and discussion, the following conclusions can be drawn: The control environment has a significant positive effect on performance employees of state-owned construction companies in Indonesia. Risk assessment activities have a significant positive effect on performance employees of state-owned construction companies in Indonesia. Control activities have a significant positive effect on performance employees of state-owned construction companies in Indonesia. Information and communication activities do not affect performance employees of state-owned construction companies in Indonesia. Monitoring activities have a significant positive effect on performance employees of state-owned construction companies in Indonesia. The results of this study have shown that the tendency of the Control Environment variable (X1), risk assessment (X2), Control Activities (X3), information and communication (X4), monitoring (X5) affects employee performance.

# THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

Rangga Bagus Sena dan Ayu Chairina Laksmi

The limitation of this study is that this study used 7 state-owned enterprises in Indonesia, but there were obstacles for some state-owned enterprises located outside the city, the researcher used an alternative email but the company did not reply to the email, so it could not distribute the questionnaire to several state-owned enterprises. Suggestions in this study are that this study has obstacles for some state-owned enterprises located outside the city, the suggestion of this study is to collaborate with local representatives. It is recommended to collaborate with local parties or representatives outside the city to facilitate the process of distributing research instruments and data collection. For further research, it is hoped that adding other variables that influence employee performance, such as the internal audit role variable, can be studied from a different perspective from this study. For further research, it is hoped that using other methods such as adding an interview method for better research results.

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## THE INFLUENCE OF INTERNAL CONTROL SYSTEMS ON EMPLOYEE PERFORMANCE IN STATE-OWNED CONSTRUCTION COMPANIES IN INDONESIA

Rangga Bagus Sena and Ayu Chairina Laksmi

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