



Factors affecting good corporate governance at pt. Lotte shopping Indonesia Center Point Medan

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ABSTRACT

This study aims to determine the effect of the implementation of the Accounting Information System, Internal Control, and Internal Audit on Good Corporate Governance at PT Lotte Shopping Indonesia Center Point Medan. This research uses quantitative data types and the data source is the primary data obtained from PT Lotte Shopping Indonesia Center Point Medan. From the population, purposive sampling was taken and a sample of 51 employees was drawn. Research variables consist of accounting information systems, internal control and good corporate governance. The sampling technique of this study used several specific criteria. The results of the study stated that the implementation of the Accounting Information System and Internal Control had a significant effect on Good Corporate Governance.

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INTRODUCTION

The company founded by the owner is basically to get the profit as expected for the investment that has been made. Besides that, companies that have been around for a long time will be more advanced and developing as a result this will be related to an increase in the volume of financial transactions that occur in the company. Leaders who need information at any time become the basis for making strategic decisions regarding the continuity of the company. Therefore, with the progress of the company, the longer it is known by the wider community, the origin of the management needs to maintain and create good Good Corporate Governance so that good and harmonious communication relations will be created with the people as well as partners and government agencies.

Along with the development of modern times, traders are very developed, especially in Indonesia itself. Every company always wants to appear dynamic with market developments in accordance with consumer desires. Strict company regulations make competitors want praise, but with increasingly stringent competition regulations, every company hopes to always be good and higher. According to (Bayu Aji & Hermawan, 2022), the implementation of good corporate governance (GCG) is an important aspect in building a solid foundation for a company. GCG practices create sustainable corporate financial performance. Issues related to GCG have become an

issue since the Indonesian financial crisis in 1998-2000, where many banks were closed due to a lack of GCG. In addition, in 2015 there was a decline in the corporate governance system and GCG in banking, this decline can be indicated by the many violations of funds and fraud that occurred in banking. Indonesian banking needs to improve the quality of GCG principles. Indonesia's GCG still needs improvement because it is still lagging behind other countries, even neighboring countries (Rosiana & Mahardika, 2020).

The application of the principles of Good Corporate Governance is needed to create an attitude of trust in the community to become an important and necessary condition in the global struggle so that it can grow and develop even better. If the company cannot implement Good Corporate Governance with aprism, then it is feared that this could have some unfavorable consequences for the company's activities in the future. Therefore, there is a desire from management to be able to implement Good Corporate Governance for the company, of course this will provide some positive benefits that can be obtained by the company such as making donations so that the welfare of the people around the company, employees and other shareholders is created and is one of the appropriate steps and solutions to face future challenges.

Theoretically, GCG practices can increase firm value by improving financial performance, and generally corporate governance can increase investor confidence. Thus, it can be said that the company's Good Corporate Governance can be realized through various efforts both originating from internal factors within the company such as internal policies, internal controls, use of accounting information systems and others. While external factors such as economic conditions, politics and culture and so on. however, the factors that fundamentally influence Good Corporate Governance include the application of accounting information systems, internal controls and internal audits.

In theory, GCG practices can increase corporate value by improving financial performance, and overall corporate governance can increase investor confidence. Thus it can be said that good corporate governance can be implemented through various efforts from internal company factors and internal policies, internal controls, use of accounting information systems and others. Although external factors such as economic, political and cultural conditions etc. Good governance is basically influenced by the application of accounting information systems, internal controls and internal audits.

An accounting information system is a system that aims to collect and process data and present financial transaction data. Therefore, by implementing an accounting information system in the company's operations, it is hoped that suitability and orientation of personnel in carrying out work tasks can be realized in accordance with applicable procedures. Therefore, the elements needed to implement a responsible accounting information system must be connected so that it can leave a positive impression on the public and competitors to enhance good corporate governance.

Internal control is a process that is influenced by the board of commissioners, management and other employees of the business unit, which aims to achieve confidence in the achievement of objectives. The company's activities are growing rapidly, followed by quite a number of events that require clear, systematic and precise internal control. This is because deviations or violations of self-interest by individuals or groups of people can be avoided. Effective company internal control is expected to minimize intentional and unintentional fraud, so that it is possible to avoid material losses, and in the end the company's financial position is also stable and able to create a positive image of good governance in the company. Community. and company owners.

This research was conducted at PT. Lotte Shopping Indonesia Center Point Medan as one of the largest retail companies in Medan City. The reason the author conducted research on the company, because from personal data it can be concluded that many things in companies with good governance are not enough to run their business among consumers and are increasingly fierce. competition The assumption of good corporate governance is not good for several reasons. One of them is the implementation of an inefficient accounting information system and this is

reflected in the finance section. This company has several branches in Indonesia, and for some reason every branch that wants to know about receipts of money has to contact the head office first.

Previously, research was conducted on the implementation of Good Corporate Governance (GCG) on the effect of internal control on the implementation of good corporate governance: a case study on a drinking water company (PAM) Tirta Mangkaluku, Palopo City. (Taha, 2020) shows that internal control and the implementation of Good Corporate Governance affect managerial performance. The difference between this research and previous research is that in previous research it analyzed the effect of internal control on the implementation of Good Corporate Governance case studies at the drinking water company (PAM) Tirta Mangkaluku City of Palopo while in this study it linked the application of accounting information systems and internal control to the implementation of Good Corporate Governance At PT. Lotte Shopping Indonesia Center Point Medan.

An accounting information system is a system that aims to collect and process data and report information related to financial transactions (Lubis & Pohan, 2022), based on (Marshall B. Romney, 2014), Accounting news system means the process of identifying, collecting, and storing data and processes development, measurement, and communication of gossip. An accounting information system is a formation of resources, such as people and equipment, designed to update financial and other data into information. the news is communicated to decision makers. This accounting information system is carried out using a manual system or through a computerized system (Halimatusadiah & Gunwan, 2014). Accounting information system is a system that collects, records, stores and processes accounting and other information to produce information for decision makers. This includes people, procedures and policies, information, software, IT infrastructure, internal controls, and security measures (Romney dan Steinbart, 2018).

Internal control is part of an organization's planning to secure assets, encourage employees to follow company policies, increase operating efficiency and ensure accurate and reliable accounting records (Marciano et al., 2021). Internal control is the initial component in the internal control system which consists of actions, policies and mechanisms that reflect organizational management behavior (Saparman et al., 2021). Internal control aims for efficiency and effectiveness of company operations, reliability of financial reports and compliance with applicable laws (Herawaty & Hernando, 2020). there are 4 (four) elements in internal control, namely 1) organizational structure that separates accountability and authority, 2) organizational systems and recording mechanisms, 3) sound practices, and 4) employees whose performance is in sync with their obligations (Marciano et al., 2021). in the implementation of the internal control system, there are five (5) main components, namely the control environment, risk evaluation, control activities, information and communication and monitoring (Herawaty & Hernando, 2021). Internal control is influenced by several factors, including independence (objectivity and freedom from the subjective impact of other interested parties), motivation (drive or desire to achieve the goals that are affected), work experience (experience being able to form good performance in decision making).

Good Corporate Governance(GCG) is a system that regulates and controls companies to create added value (value added) for all stakeholders emphasizing the importance of shareholder rights to obtain information correctly, thoroughly and in a timely manner and the company's obligation to convey (disclosure accurately, on time and transparency regarding all issues of company performance, ownership, and stakeholders (Windasari, 2017).

Theoretically, GCG practices can increase company value by increasing financial performance, reducing risks that may be taken by the board with self-serving decisions, and generally corporate governance can increase investor confidence (Dewi Rismawati, 2018).

RESEARCH METHOD

Method of collecting data

Data collection can use two sources, namely primary and secondary data sources. The method used in the data collection process is in the form of:

Primary Data

In this study, the scale used to provide suspension of answers to the questionnaires given to respondents was the Likert Scale with answer scales ranging from numbers 1 to 5. The following is a Likert measurement scale as follows:

Table 2 Respondent Answer Score

No	Respondents Answer	Score
1	Strongly Agree (SS)	5
2	Agree (S)	4
3	Doubt (R)	3
4	Disagree (TS)	2
5	Strongly Disagree (STS)	1

Secondary Data

Secondary data sources in research are collecting data from other sources in the form of reading materials or literature. Secondary data sources are obtained indirectly through intermediary media, either by reading or quoting from literature related to research.

Population and Sample

The population used in this study were employees working at the company in 2021. The sampling technique in this study was purposive, namely the samples were taken with certain considerations so that the number of samples was taken only from the finance department as many as 41 employees.

Research design

The type of data used in this research is primary data. The data collection method was carried out using a survey method. The survey method is a primary data collection method by giving questionnaires to individual respondents (Lubis, 2019). The internal stage, distribution and collection of the questionnaire consisted of two stages: the first stage was distributing questionnaires to the internal auditors of the Medan City Inspectorate, totaling 61 respondents. The second stage is: taking the questionnaire that has been filled in by the respondent for processing the data from the questionnaire.

Data Analysis Techniques

In this study, data analysis used the Partial Least Square (PLS) approach. PLS is a component- or variant-based Structural Equation Modeling (SEM) model. PLS is a powerful analytical method and is often referred to as soft modeling because it eliminates OLS (Ordinary Least Square) regression assumptions, such as data must be normally distributed in a multivariate manner and there is no problem of multicollinearity between exogenous variables (Prana Ugiana Gio, Irna Triannur Lubis, Wida Akasah, Rezzy Eko Caraka, 2022) . The following can be presented multiple linear regression equation, as follows:

$$Y = a + b_1X_1 + b_2X_2 + e \quad (1)$$

Information :

Y = Good Corporate Governance
 X1 = Accounting information system
 X2 = Internal control

- a = Constant
- b1,b2 = independent variable regression coefficient
- e = standard error

RESULTS AND DISCUSSIONS

Reliability and Validity Test

Reliability test is the extent to which measurement results using the same object will produce the same data (Sugiyono, 2019). The reliability test of the questionnaire in the study used the split half item method and was divided into two groups, namely the odd item group and the even item group. Then each group's score for each item is added up so as to produce a total score. If the correlation is 0.7, it is said that the item provides a sufficient level of reliability, conversely, if the correlation value is below 0.7, it is said that the item is less reliable.

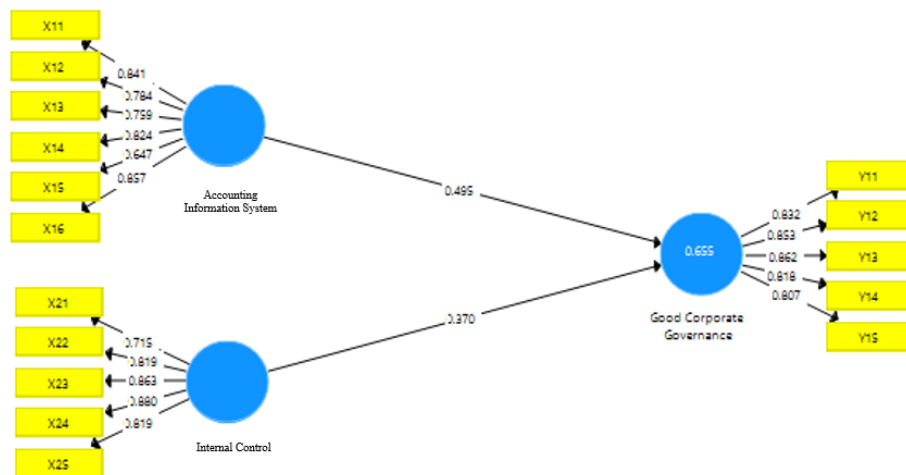


Image 1.Path Diagrams

Based on the figure, it shows that all research variables have a validity value above 0.361. Therefore the indicators used in this research variable are said to be reliable. After testing the validity of the valid question items, the next step is to test the reliability of each of these statement items in order to determine the level of consistency of the answers.

Table 3 Construct Reability and Validity

	Cronbach's Alpha	Rho_A	Composite Reability	Average Variance Extracted (AVE)
<i>Good Corporate Governance</i>	0.891	0.894	0.920	0.697
Accounting information system	0.878	0.882	0.912	0.675
Internal control	0.877	0.894	0.907	0.622

Source: Research results, processed with Smart PLS 3.0, 2023

Based on the table, it shows that all research variables have a composite reliability value and Cronbach's alpha above 0.70. Therefore the indicators used in this research variable are said to be reliable.

Structural Model Testing

Structural model testing was carried out to see the relationship between constructs, significance value and R square of the research model. The R-square value can be used to assess the

effect of certain independent variables on the dependent variable (Prana Ugiana Gio, 2022). The estimated value of Rsquare can be seen in Table 4.4 below.

Table 4. R Square

	R Square	R Square Adjusted
<i>Good Corporate Governance</i>	0.655	0.637

Source: Research results, processed with Smart PLS 3.0, 2023

Based on the table, it is known that the R-Square value for the Good Corporate Governance (Y) variable is 0.436 which can be interpreted that the magnitude of the influence of the Good Corporate Governance variable which is influenced by knowledge and Internal Control is 65.5% while the remaining 34.5% will be explained by the variable other than this research.

Direct Influence Analysis.

Whether or not a hypothesis is accepted, it is necessary to test the hypothesis using the Bootstrapping function in SmartPLS 3.0. The hypothesis is accepted when the significance level is less than 0.05 or the t-value exceeds the critical value (Prana Ugiana Gio, Irna Triannur Lubis, Wida Akasah, Rezzy Eko Caraka, 2022). The t statistics value for a significance level of 5% is 1.96.

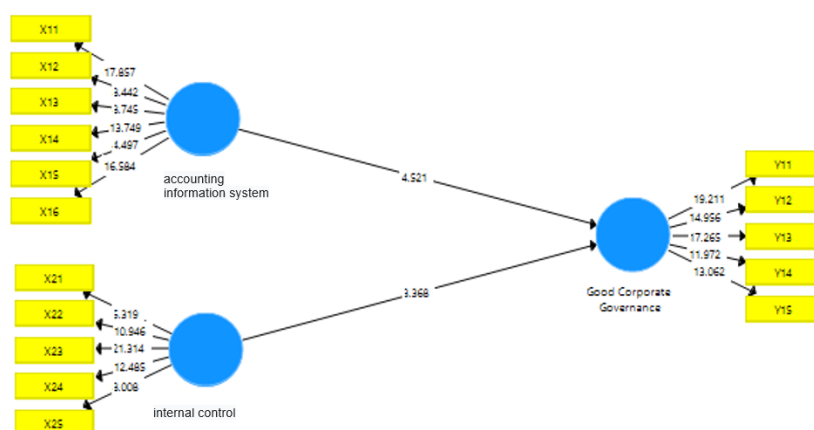


Figure 2. Path Diagram Coefficient

Table 5 Path Coefficients

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Internal control → Good Corporate Governance	0.370	0.368	0.110	3,368	0.001
Accounting information system → Good Corporate Governance	0.495	0.502	0.110	4,521	0.000

Source: Research results, processed with Smart PLS 3.0, 2023

From the table above it can be seen that the original sample values, p value s or t statistics are used as a reference for making decisions on the hypothesis being accepted or the hypothesis being rejected. The hypothesis can be accepted if the t statistics value > t table or p value < 0.05.

The first hypothesis is that the Accounting Information System influences Good Corporate Governance. It can be seen that the T value of the Accounting Information System statistic for Good Corporate Governance is 4.521 > 2.01 or it can be seen from the P Value which is 0.000 < 0.05

indicating that the Accounting Information System variable has a significant effect on Good Corporate Governance. Thus the first hypothesis is accepted, it means that the Accounting Information System variable has a significant influence on Good Corporate Governance. The rise and fall of the score of the Accounting Information System variable will have a significant influence on the Good Corporate Governance variable.

The second hypothesis is Internal Control influences Good Corporate Governance. It can be seen that the T value of the Internal Control statistic for Good Corporate Governance is $3.368 > 2.01$ or it can be seen from the P Value which is $0.001 < 0.05$ indicating that the Internal Control variable has an effect on Good Corporate Governance. Thus the second hypothesis is accepted, this means that the Internal Control variable has a significant influence on Good Corporate Governance.

Discussion

The Effect of Accounting Information Systems on Good Corporate Governance

From the results of the calculation of the partial test (t test) of the variable application of accounting information systems to good corporate governance, the value of $t_{count} > t_{table}$ or $4.521 > 2.01$ is obtained with a significant value of 0.001. This research is in line with the results of (Zayed et al., 2022) research This means that the application of accounting information systems has a significant positive effect on good corporate governance. The survey shows that companies understand the importance of AIS because it makes management more efficient. The company also believes that efficiency can be increased through effective management methods. Management compels companies to publish financially accurate reports and statements about the company. Identifying and developing these areas of implementation and improvement of AIS in a company is the key for better management. Complete AIS implementation in companies has been found to improve decision making and financial reporting. It also helps companies avoid corporate scandals and fraud. This shows that the company follows the best management practices, because the company manages financial reporting, accounting and auditing effectively, which contributes to the company's strong strategic and operational decisions.

The Effect of Internal Control on Good Corporate Governance

From the results of the calculation of the partial test (t test) of internal control variables on good corporate governance, it is obtained $t_{count} > t_{table}$ or $3.368 > 2.01$ with a significant value of 0.000. This means that there is a positive and significant influence between internal control variables on good corporate governance. in line with the research conducted by 888 that the stronger the internal control is implemented, the better the governance implemented in the company. Conversely, the weaker the company's internal control, the less effective the implementation of good governance in the company (Marciano et al., 2021).

CONCLUSION

Based on the results of the research and discussion that has been carried out, the conclusions that can be drawn are as follows: (1) The Accounting Information System has an effect on Good Corporate Governance in, (2) Internal Control influences Good Corporate Governance. The researcher is very aware of the many limitations in writing the contents of this research. It is hoped that future researchers can conduct a more in-depth study of the contents that are identical to this research and conduct research on different objects. to further enrich their knowledge, especially about good corporate governance which can be applied to different objects.

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