



# The impact of internal supervision and leadership on employee performance at the social service office

Marselino Wau<sup>1</sup>, Alwinda Manao<sup>2</sup>, Yohanes Dakhi<sup>3</sup>

<sup>1,2,3</sup>Manajemen, Universitas Nias Raya, Teluk Dalam, Kabupaten Nias Selatan

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## ABSTRACT

This research is quantitative and uses Smart PLS 4 in a causal design. The study used samples drawn from the entire workforce and was carried out at the Office of Social Affairs in South Nias Regency. A survey that was given to all employees served as the research tool, and version 4 of the SmartPLS data analysis program was used to analyze the results. The purpose of this study was to investigate the hypothesis that employee performance is influenced by internal supervision and leadership. According to the results of the external model testing, each variable was valid because its factor loading was greater than 0.70. All variables passed the reliability tests using Cronbach's alpha and composite reliability, with Cronbach's alpha values ranging from 0 to 767 and 0 to 891 and 0 to 842, respectively. A high level of measurement quality was indicated by the average variance extracted (AVE), which was greater than 0.50. Testing for discriminant validity also met the requirements, demonstrating that the measurements could differentiate between various constructs. Overall, the study discovered that internal supervision and leadership have a positive and significant impact on worker performance. These results are in agreement with the study's tested hypothesis. It is significant to note that the study has some limitations, including the use of a saturated sample and a focus on just two variables that affect employee performance. However, by enhancing leadership and internal supervision practices, this study adds to the body of knowledge on organizational behavior and offers managers insights into how to improve employee performance.

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## Corresponding Author:

Marselino Wau,

Fakultas Ekonomi dan Bisnis,

Universitas Nias Raya,

Jl.Pramuka, Nari-Nari, Kelurahan Pasar Telukdalam 22865, Kabupaten Nias Selatan, Sumatera Utara, Indonesia,

Email: [waumarselino561@gmail.com](mailto:waumarselino561@gmail.com)

## INTRODUCTION

This subject needs to be studied for a number of reasons Enhancing employee performance By comprehending the variables that affect employee performance, the Social Services Department can increase employee effectiveness and productivity. Fostering a positive workplace culture: With

good internal management and strong leadership, staff can feel appreciated and inspired to perform better. The Social Services Department may benefit from a positive work environment as a result. Enhancing the standard of public services: The Social Services Department's ability to deliver higher-quality services to the general public will be impacted by effective employee performance. For the community, this will undoubtedly have significant advantages. The findings of your study may be used as evaluation data by the Social Services Department to enhance its internal leadership and supervision framework. In order to enhance worker performance in the Social Services Department and benefit the community, it is crucial that this research be carried out. the results of research (Okoye, L. U., & Ezejiolor, 2018), (Lawal, A. M., Abdulazeez, M. A., & Jelili, 2019) and (Opara, L. N., & Okorie, 2018) According to the findings of these earlier studies, strong internal control and strong leadership can have a significant impact on employee performance in the public sector.

The Social Services Department may benefit from this by improving worker productivity and the standard of its public services. The impact of internal control and leadership on employee performance in the Social Services Department is the research issue that will be addressed based on the previous discussion. In particular, the study will look into the degree to which internal control and leadership affect employee performance and how those factors might be raised to raise the caliber of public services. There are a number of distinctions that can be made between the proposed research and prior studies. First off, this research will specifically focus on the Social Services Department, whereas earlier studies were carried out in various public service sectors. This makes it possible to conduct a targeted and situation-specific investigation. Second, while earlier research tended to concentrate on the influence of internal control or leadership separately, the current study will look at the combined impact of both factors on employee performance. This will give a more thorough understanding of how leadership and internal control can be combined to raise employee performance. Thirdly, this study will use a mixed-methods approach that combines the collection and analysis of quantitative and qualitative data, as opposed to some of the earlier studies, which used quantitative methods like surveys and statistical analysis. This will make it possible to examine the research problem in greater depth and with greater nuance. Overall, the proposed study aims to add to the body of knowledge by offering fresh perspectives on how internal control and leadership affect worker performance in the Social Services Department and by offering actionable suggestions for raising the standard of public services.

For government organizations to remain competitive in the age of globalization, the issue of human resources is still a concern. Employee performance plays a role in the accomplishment of organizational goals. A factor that is anticipated to support an agency's success is employee performance (Akbar, 2018). To remain competitive in the age of globalization, government agencies continue to be concerned about the issue of human resources. The performance of the workforce has an impact on the accomplishment of organizational goals. One aspect that is anticipated to support an agency's success is employee performance. Low motivation can lead to subpar performance from employees as a result of unmet needs and expectations, a bad work environment, and other factors (Robbins, S. P., & Judge, 2018).

The Social Services Department needs the assistance of professionals who uphold the highest standards of morality and integrity as well as being highly committed to their work. A leader or manager must be able to effectively and efficiently manage human resources to produce good leadership and a supportive organizational commitment in order to achieve the desired employee performance in accordance with the established requirements (Garg, R., & Rastogi, 2021). However, it has been discovered that some of the performance indicators used by the Health Department to implement the responsibilities and tasks of managers and staff run counter to the South Nias government's vision and mission, which are focused on achieving service outputs. It has been determined that there are a number of problems, including employee disregard for working hours, unfinished tasks and responsibilities, inadequate service provision, and poorly

implemented programs (Tam, V. W. Y., Chan, E. H. W., & Wong, 2021). In addition, the author discovered that the Health Department's leadership tasks lacked internal oversight of its staff. An individual who exercises leadership manages the members of their group to accomplish organizational objectives (Irvan Maulana, Rita Rahmawati, 2018). By fostering a good management culture and ethics, as well as through risk analysis and processing, comprehensive internal supervision is crucial to constructing a government internal control system. This internal oversight has the goal of improving or enhancing the performance of the Social Services Department by evaluating the current management control system, the effectiveness and efficiency of task and function implementation, and regulatory compliance (Association of Certified Fraud Examiners, 2020). In order to increase organizational performance, organizational commitment is essential. This dedication is a reflection of the traditions and values that exist within the company, as well as a matter of loyalty to the employer. It can be a motivator for someone to do their job well, and this is reflected in how they behave, what is expected of them, and how things are in the ordinary for them. In order to effectively accomplish organizational goals, the Social Services Department must foster a culture of employee commitment among its staff (Miao, Q., Newman, A., Huang, X., & Xu, 2020). An organization, whether it be a business, a government, or a community, can show its resilience through the successful application of internal supervision supported by dedicated leadership. The development of a strong organizational culture, such as a sense of ownership and responsibility for the success of the organization, and the active involvement of employees in decision-making are two ways this can be demonstrated (Othman, R., & Ameer, 2019).

This commitment will yield the best results for the organization's sustainability if it is firmly upheld by all of its members. A high level of commitment to the concepts and ideas of the organization from both superiors and subordinates may be the secret to its success, according to research (Lindawati & Parwoto, 2021). The impact of internal supervision and leadership disclosure on employee performance has been the subject of numerous studies. The performance of employees at the PT PLN (Persero) Jayapura Branch Office has been shown to be significantly influenced by leadership, motivation, and internal supervision, according to (Wirawan, D., & Setiawan, 2020). Employee performance can be raised by effective leadership, which involves giving the right advice, making the right decisions, and paying close attention to the needs of the people under your control. Additionally, leadership motivation and efficient internal supervision both have a positive effect on employee performance. Internal supervision in this study consists of defensible policies and procedures, effective internal controls, and consistent, quantifiable internal audits. Each of these variables is connected to the others and affects how well employees perform. This is consistent with research by (Sunarti, T., & Arsyianti, 2020), who discovered that internal supervision, motivation, and leadership had a positive and significant impact on employee performance at the Tax Service Office in Pratama Surakarta.

This suggests that strong internal supervision, effective leadership, and high motivation can all boost employee performance. In order to improve employee performance at the Tax Service Office in Pratama Surakarta, efforts must be made to enhance the effectiveness of leadership, motivation, and internal supervision. The goal of the study by (Rahayu, I., & Ayu, 2018) was to investigate the effects of internal supervision, motivation, and leadership on employee performance at the Regional Office of the Directorate General of Treasury in East Java I. The findings demonstrated that internal supervision, motivation, and leadership all have a positive and significant impact on worker performance. Additionally, the main element influencing employee performance is motivation. According to this study, an organization's employee performance can be enhanced by strong internal control, strong leadership, and high motivation. At the Tax Service Office in the Lubuklinggau Timur I District, (Febrianto, A., & Febrian, 2018) discovered that internal supervision and leadership have a significant impact on employee performance. The outcomes demonstrated that management and internal supervision can inspire staff to perform

better and to work harder. As a result, this study emphasizes how crucial leadership and internal supervision are to raising employee performance.

## RESEARCH METHOD

This study employed a quantitative approach with a causal perspective. (Turel, O., & Serenko, 2019). The study was conducted at the Social Office of South Nias Regency, which had a population of 78 people; consequently, 78 people made up the sample. According to (Sugiyono, 2019), the population was used as the sample in this study using the saturated sampling method, which means that every member of the population was taken into account. By multiplying the indicator 13 by 10, the random sampling method was applied. The maximum for research using SmartPLS-based SEM, according to (Kock, 2018), is 10 times the indicator. A questionnaire with a 1-5 Likert scale was distributed to the office as the primary means of gathering data. SmartPLS software version 4 was used to process the data (Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, 2022) and (Kambara et al., 2023), examining factor loading, Cronbach's alpha, composite reliability, AVE, and R-Square, the tests for discriminant validity were carried out. To test direct and indirect effects, the bootstrap method was employed. The following research hypotheses were put forth: H1: Leadership affects employee performance; and H2: Internal supervision affects employee performance. H3 of the research framework states that the Social Office of South Nias Regency's internal supervision and leadership both affect employee performance.

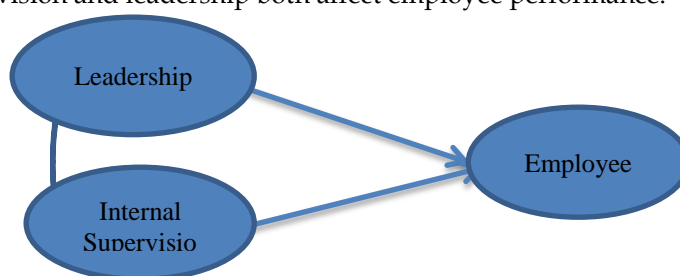
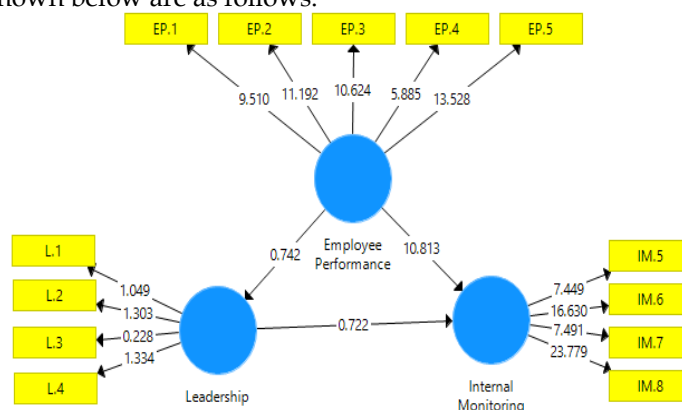


Figure 1. Framework for a concept.

## RESULTS AND DISCUSSIONS

Employee performance is the dependent variable, with four indicators, and internal supervision is the independent variable, with three indicators. Measurement techniques were used to validate the scale of the dependent variable (Mohammad, J., Hussain, S., & Mahmood, 2020), and the items X1 = 12, X2 = 13, and Y = 15 are used to represent the leadership, internal supervision, and the four indicators that make up the dependent variable. The results of the outer loading test performed using the model shown below are as follows.



### Figure 2 Outer Loading

According to the aforementioned model, all variables for each indicator have factor loading values > 0.70, which is regarded as valid, and reliability has a value above 0.70, indicating that the testing has been successful (Dhameria & Ghozali, 2020). The cross-loading values and composite reliability are listed below in the following order.

**Table 1.** Outer Model dan inner model

Variable/indicator	Cross-loading			Cronbach's Alpha	Composite Reliability	AVE	Rsquare
	EP	L	IM				
Employee Performance (EP)				0,767	0,891	0,679	
EP. 1	9.510						
EP.2	11.192						
EP.3	10.624						
EP.4	5.885						
EP.5	13.528						
Leadership				0,782	0,857	0,599	0,291
L.1		1.049					
L.2		1.303					
L.3		0,228					
L.4		1.334					
Internal Monitoring				0,787	0,842	0,729	2,17
IM.1			7.499				
IM.2			16.630				
IM.3			7.491				
IM.4			23.779				

The table above shows that the cross-loading column's values meet the criteria for discriminant validity. Discriminant validity refers to the ability of the measurement to distinguish between different constructs. A construct must not be significantly correlated with other constructs in order to be discriminantly valid (Hair, J. F. black, W. C. Babin B. J. and Anderson, 2019). The reliability value is also higher than 0.70 according to the reliability test using Cronbach's alpha and composite reliability (Sugiarti, T. In Hidayat, W. , All study variables meet the reliability criteria, as shown by the reliability test results in Table 1, where Cronbach's alpha values range from 0.767 to 0.787 and composite reliability values range from 0.891 to 0.842. Indicating that the measurement quality of the measured constructs is good, the average value is greater than 0.50. An evaluation of how well a regression model explains the variation in the dependent variable is done by looking at its R-squared value. A better model is indicated by a higher R-squared value, which ranges from 0 to 1. Although the R-squared value does not imply causation or a link between the independent and dependent variables, it does indicate correlation. A R-squared value greater than 0.75 indicates a significant contribution. As a result, it can be said that the reliability test results in the study meet the criteria, but there are 2 invalid indicators, which is not a problem because no study is perfect. Future investigation, however, may enable a more accurate evaluation of the most appropriate indicators (DeVellis, 2017).

**Table 2.** Hypotesis Testing

variable	Original Sample (O)	T Statistics ( O/STDEV )	P-Value	Result
Leadership -> Employee Performance	0,539	0,451	0,000	Assepted
Internal Supervision -> Employee Performance	0,409	0,356	0,002	Assepted
Leadership and Internal Supervision ->	0,762	0,586	0,004	Assepted

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### Employee Performance

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- a. Hypothesis 1 (Leadership has an impact on employee performance) Based on the table above, the coefficient of the parameter influence of the leadership variable on performance (Original Sample) is 0.539, which means there is an influence between the two variables. This can be interpreted as the higher the leadership, the better the employee performance. Then, the T-statistic value obtained is 0.451, which means the result is considered significant because the P-Value is less than the f-table ( $0.000 < 0.05$ ), or it can be said that the HYPOTHESIS IS ACCEPTED. This research is supported by (Olugbenga Ojo dan Aminat Ojo, 2019) which shows that in practice, management can increase job satisfaction by applying transformational leadership styles, namely by motivating, inspiring, and influencing subordinates to achieve organizational goals in innovative and creative ways.
- b. Hypothesis 2 (Internal Supervision has an impact on employee performance) Based on the table above, the coefficient of the parameter influence of the internal supervision variable on performance (Original Sample) is 0.409, which means there is an influence between the two variables. This can be interpreted as the higher the internal supervision, the better the employee performance. Then, the T-statistic value obtained is 0.356, which means the result is considered significant because the P-Value is less than the f-table ( $0.002 < 0.05$ ), or it can be said that the HYPOTHESIS IS ACCEPTED, in line with the research (Christiana O. Ogbogu, Sunday S. Eze, 2020) which shows that management can improve the internal control system by ensuring that the separation of duties, assignment of authority, and monitoring of operational activities are done effectively and continuously.
- c. Hypothesis 3 (Leadership and Internal Supervision have an impact on employee performance) Based on the table above, the coefficient of the parameter influence of the leadership and internal supervision variables on performance (Original Sample) is 0.762, which means there is an influence between the three variables. This can be interpreted as the better the leadership and internal supervision, the better the employee performance, and both independent variables affect employee performance. Then, the T-statistic value obtained is 0.586, which means the result is considered significant because the P-Value is less than the f-table ( $0.004 < 0.05$ ), or it can be said that the HYPOTHESIS IS ACCEPTED. This research is also in line with the research (Oluwakemi A. Owoyemi dan Samuel A. Adeyemi, 2021) which shows that transformational leadership style and effective internal control system have a significant positive influence on employee performance in the Nigerian banking sector. The transformational leadership style is characterized by leaders who can motivate, inspire, and influence subordinates to achieve organizational goals in innovative and creative ways. Meanwhile, an effective internal control system includes factors such as separation of duties, assignment of authority, and monitoring of operational activities. On the other hand, the transactional leadership style, which is characterized by giving incentives and rewards for good performance, does not have a significant influence on employee performance in the Nigerian banking sector. The results of this study indicate that effective internal supervision and transformational leadership style can help improve employee performance in the Nigerian banking sector. Therefore, management and leadership in the Nigerian banking sector need to pay attention to these factors to improve employee performance.

## CONCLUSION

According to the coefficient parameter, this study shows a link between effective leadership and improved worker performance. The coefficient parameter shows a significant positive relationship between the two variables, supporting the second hypothesis that internal monitoring has an impact on employee performance. The third hypothesis—that leadership and internal monitoring

have an effect on employee performance – is supported by the coefficient parameter, which shows a significant positive relationship between all three variables. According to the research findings, the variables in the study had good measurement quality overall and met the criteria for reliability and validity. The results of the hypothesis test support the existence of a correlation between the variables. Two indicators were incorrect, but no research is perfect, so this is not a major issue. Future research may use better indicators than those chosen for this study. Future studies on this subject might concentrate on elements that were left out of the study, like employee motivation at work, job satisfaction, and other elements that might influence performance at the South Nias Social Office. In order to compare variations in the factors affecting employee performance, additional research might also broaden the study's geographic scope to include social offices in other regions. The study's limitations include the relatively small sample size of only 78 respondents, which restricts the applicability of the study's findings to a larger population. The sampling technique that was employed also has drawbacks; specifically, the saturated sampling technique may not accurately reflect the population. This study excluded other data that might have offered a different perspective because it only used data from one source, namely questionnaires. Finally, because questionnaires were handed out directly in the social office, there may have been bias in how they were distributed and how respondents completed them.

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