



The Effectiveness of Internal Audit in State Owned Company in the Red and White Cabinet Era: The Role of Integrity as a Moderator

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Abstract: This research is basically to obtain findings on factors that affect the increase in the effectiveness of the performance of the government's Internal Audit department, especially for State-Owned Enterprises (SOEs) so that the findings can be developed again and practiced by other auditors at the Financial Audit Agency (BPK RI) for other government institutions such as Regional Government, OJK, and Departments in Ministries in the Red and White Cabinet to complete problems that occur or the problems underlying this research so that the effectiveness of institutions, especially SOEs, is better and encourages minimizing the potential losses of the state that will be obtained. This study aims to examine the influence of Audit Scope, Senior Management Support and Extrinsic Rewards on Audit Internal Effectiveness moderated by Internal Audit Integrity. In this study, the research population is taken from the government's Internal Audit Department, in this case the Financial Audit Agency which examines SOEs in the cities of Jakarta, Bandung, and Surabaya currently under the Red and White Cabinet government. The type of data used in this study is primary data used as a sample. The research method used in this study is the quantitative research method. Samples were selected using the purposive sampling method. For hypothesis testing, this study uses multiple linear regression analysis. Based on the results of the research expected in this study, are: Audit Scope, Senior Management Support, and Extrinsic Rewards have a significant and positive effect on the Effectiveness of Internal Audit. In addition, Internal Auditor Integrity as a moderation variable can strengthen the influence of Audit Scope, Senior Management Support, and Extrinsic Rewards on Internal Audit Effectiveness.

Keywords: Internal Audit Effectiveness, Audit Scope, Extrinsic Rewards, Internal Auditor Integrity, Senior Management Support

INTRODUCTION

In the presidential administration, Mr. General TNI (HOR) (Ret.) Datuk Seri Prabowo Subianto Djojohadikusumo for the 2024-2029 period with his Red and White cabinet, still appointed the minister of SOEs for the previous period of 2019-2024, namely Mr. H. Erick Thohir, which was during the leadership period of President Ir. Joko Widodo. This makes the SOEs that will be acquired to 30 SOEs from now on that have been acquired in the last period from 81 SOE companies to 45 SOEs. This shows that the performance of SOEs will be increasingly demanded to be better so that the effectiveness of Internal Audit in this case carried out by the Financial Audit Board - BPK RI is increasing. This is what motivated the researcher to conduct this research.

SOEs are institutions that have a very strategic position in the national economy. As mentioned in Article 2 of Law No. 19 of 2003 concerning SOEs, the purpose and purpose of the establishment of SOEs is to: (i) contribute to the development of the national economy in general and state revenues in particular; (ii) the pursuit of profit; (iii) organizing public benefits in the form of providing high-quality and adequate goods and/or services for the fulfillment of people's livelihoods; (iv) to be a pioneer of business activities that have not been able to be carried out by the private sector and cooperatives; (v) actively provide guidance and assistance to economically disadvantaged entrepreneurs, cooperatives, and communities.

As a state institution that has the task of formulating policies and coordination in the field of SOE development, the Ministry of SOEs has a very decisive role for the development of SOEs in general. The policies set by the Ministry of SOEs must be able to support the management of SOEs so that they are able to create healthy and highly competitive SOEs. The formulation of the right policy is urgently needed so that SOEs are ready and able to compete with the private sector, not only at the national level but also at the regional and international levels.

Based on Presidential Regulation number 29 of 2014 concerning the Performance Accountability System of Government Agencies and the Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform of the Republic of Indonesia number 53 of 2014 concerning Technical Instructions for Performance Agreements, Performance Reporting and Review Procedures for Government Agency Performance Reports, the Government Agency Performance Report was prepared as a manifestation of the obligation to account for the implementation of Programs and Activities that have been mandated by stakeholders in order to achieve the organization's mission in a measurable manner with the performance targets/targets that have been set.

Internal audits globally have undergone significant developments (Salihi, 2024). The role of internal audit in an organization was initially limited to verifying accounting records, but over time it shifted to financial compliance monitoring and internal control, despite these changes, the responsibility of the internal auditor continues to develop based on various factors (Lutfi & Alqudah, 2023). The explanation shows the meaning that internal audit has been adjusted to help improve the operations of an organization by offering a variety of services, including consulting and audit services. The role of internal audit is undergoing a transformation with a greater emphasis on its effectiveness, research conducted by Alqudah et al. (2023) shows that internal audit can add value to organizations.

The effectiveness of internal audit refers to the ability of the internal auditor to achieve organizational goals (Alqudah *et al.*, 2023). When internal audits are operated, implemented, and managed properly, it can enable organizations to achieve their goals and protect their assets through guarantees related to information security, improving risk management, control effectiveness, and governance processes. Effective internal audit can also play a role as an administrative support in detecting irregularities, as a result of which the duties and

responsibilities of internal auditors have increased, especially in the public sector or SOEs and BUMDs.

Internal public sector audits require more support and empowerment from stakeholders to be able to carry out their responsibilities effectively, as public sector objectives are usually more numerous, complex, and difficult to measure than the private sector. The public sector has a greater scope of services that is, members of the community, therefore public funds and assets need to be protected and institutional management needs to be strengthened by combining their functions (Lutfi & Alqaidah, 2023). Given that the internal responsibility of public sector audits is more of a responsibility, the function of internal audit in the government environment has been significantly expanded, in an effort to meet the demand for increased transparency, integrity, and better service levels, therefore in order for internal audit to be beneficial to an organization, it must be efficient and effective (Erasmus, 2019).

The implementation of Internal Audit in the public sector is carried out by the Financial Audit Agency (BPK) which has limited empowerment and is unable to achieve its effectiveness (Abdalwali Lutfi *et al.*, 2023 and Alqudah *et al.*, 2023). Previous research conducted by (Abuazza *et al.*, 2021) for the public sector in Libya it was found that the effectiveness of internal audits was inadequate due to the lower organizational status of the internal auditor department, the limited scope of work, and the limited career use of internal auditor staff, as well as weak cooperation between auditors and externals. Meanwhile, previous research conducted by Alzeban and Gwilliam (2019) related to factors that can affect the effectiveness of public sector internal auditors in Saudi Arabia and found that the size of the internal audit department, cooperation with external auditors, independence, and top management support significantly influence the empowerment of internal audit effectiveness in line with the research conducted by Alqudah *et al.*, (2019).

METHOD

In the study, the measurement method will use the Likert scale. According to Sugiyono (2021), the Likert scale is used to measure the attitudes, opinions, and perceptions of a person or a group of people about social phenomena. In research, this social phenomenon has been specifically determined by the researcher which is then referred to as the research variable. With the Likert scale, the variable to be measured is described as a variable indicator. Then the indicator is used as a benchmark to compile instrument items that can be statements or questions. The score for the respondent's choice of questions can be filled in by respondents with the following choices:

Table 1. Likert Scale

Answer Choice	Score
Strongly agree	5
Agree	4
Neutral	3
Disagree	2
Strolngly disagree	1

The research method contains the type of research, sample and population or research subjects, time and place of research, instruments, procedures, and research techniques, as well as other matters relating to the method of research. This section can be divided into several sub-chapters, but no numbering is necessary.

Table 2. Variable Operations

No	Variable Name	Indicator	Measurement Scale
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1	Independent Variabel - X ₁ Audit Scope Erasmus & Coetzee (2018)	1. Information transparency, data availability, ease of access. 2. Authority limits, authority constraints, compliance with limits, management support. 3. Adequate resource allocation, efficient use of time.	Ordinal (Likert scale 1-6)
2	Independent Variabel - X ₂ <i>Senior Management Support</i> Wanta & Augustine (2021)	1. Active support, provision of access, and involvement in the audit process. 2. Adequate budget, support for training and development, and continuity of allocation. 3. Clear organizational structure and regulatory compliance.	Ordinal (Likert scale 1-6)
3	Variabel Independen – X ₃ <i>Extrinsic Rewards</i> Alqudah <i>et al.</i> (2023)	1. Market alignment, salary transparency, and a balance between performance and rewards. 2. Awards, promotions, and public recognition. 3. A safe work environment, physical comfort, and work-life balance.	Ordinal (Likert scale 1-6)
4	Variabel Moderasi - X Internal Audit Integrity Alqudah <i>et al.</i> (2023)	1. Professional qualifications, work experience, and industry knowledge. 2. Adequate resources and appropriate time allocation. 3. Adaptability and responsiveness to problems. 4. Auditor-to-audit area ratio, meeting needs, and scalability.	Ordinal (Likert scale 1-6)
5	Dependent Variable - Y Internal Audit Effectiveness Tawfik <i>et al.</i> (2023)	1. Timeliness, completeness, and relevance. 2. No conflicts of interest, sound judgment, and integrity. 3. Adequate documentation and regular assessment.	Ordinal (Likert scale 1-6)

Source: Data processed by researchers (2025)

Data Processing Stages

The stages of data processing in this study are by using primary data that has been obtained from the results of collecting questionnaires. The first stage is to conduct a pilot test on the instruments that have been made. After the pilot test was conducted and the results of the pilot test stated that the instruments used for this study were valid and reliable so that the results of the pilot test could be continued to the next stage, namely the stage of processing and distributing questionnaires with a target sample of 170 samples of questionnaire distribution to employees in the BUMN Banking Services company environment domiciled in the cities of Jakarta and Bandung who meet the qualifications for determining the sample of this study who assess their leaders in the employee department in filling out the questionnaire distributed by the researcher. After the questionnaire was distributed to the company's employees using the purposive sampling method, then after taking samples according to the predetermined criteria and the targeted number and data processing and analysis were carried out using a computerized program to create tabulations using Microsoft Excel and the SPSS program as a test tool to process and analyze data.

This study uses samples that have been collected or returned from both physical questionnaires and digital questionnaires with google forms consisting of 159 BUMN employees working in the banking sector domiciled in the cities of Jakarta and Bandung as respondents from 170 questionnaires distributed. However, of the total 170 questionnaires that were not returned, 9 questionnaires were returned and as many as 3 questionnaires could not be processed due to incomplete filling of the questionnaire so that the filling data could not be summarized for the results of this study.

RESULTS AND DISCUSSION

The following are descriptive statistics of each variable studied:

Table 3. Statistics Descriptive					
Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
RUA_AUD	179	20,00	35,00	32,7989	2,77910
DKS_MGN	179	17,00	30,00	28,5475	2,22391
REW_EKK	179	17,00	30,00	28,7318	2,36919
ITG_IAU	179	13,00	25,00	23,7542	1,93022
EFK_IAU	179	19,00	30,00	28,1620	2,25197
Valid N (listwise)	179				

Sources: Processed data SPSS 26.00 (2025)

In this study, the researcher observed a total of 179 respondents, Of the 179 respondents who were sampled in this study out of 200 research questionnaires distributed to respondents, the smallest score for the audit scope (RUA_AUD) was 20 while the largest was 33. The average for the audit scope was 32.7989 with a standard deviation of 2.77910. Then the smallest value for the senior management support variable (DKS_MGN) is 17 while the largest is 30. The average for senior management support is 28.5475 with a standard deviation of 2.22391. Furthermore, the smallest value for the extrinsic reward (REW_EKK) is 17 while the largest is 30. The average for the extrinsic reward is 28.7318 with a standard deviation of 2.36919. Then for the smallest score for Integrity Internal Audit (ITG_IAU) is 13 while the largest is 25. The average for Integrity Internal Audit is 23.7542 with a standard deviation of 1.93022. Then for the smallest score for Internal Audit Effectiveness (EFK_IAU) is 19 while the largest is 30. The average for Internal Audit Effectiveness is 28.1620 with a standard deviation of 2.25197.

Normality Test

The following are the results of the normality test.

Table 4. Normality Test Result		
One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		179
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,95900212
Most Extreme Differences	Absolute	,171
	Positive	,146
	Negative	-,171
Test Statistic		,171
Asymp. Sig. (2-tailed)		,200
a. Test distribution is Normal.		
b. Calculated from data.		

Source: Processed data SPSS 26.00 (2025)

Based on the results of the study, we can see that the significance value (Asymp. Sig. (2-tailed)) is 0.200 or greater than 0.05, which means that the data used for this study is normally distributed.

Heteroscedasticity test

The following are the results of the heteroscedasticity test:

Table 5. Heteroscedasticity Test Results
Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	1,606	,440			3,652	,000
RUA_AUD	-,221	,041	-,1228		-5,444	,239
DKS_MGN	-,015	,049	-,067		-,310	,757
REW_EKK	,240	,048	1,136		5,024	,585

a. Dependent Variable: ABS_RESID

Source: Processed data SPSS 26.00 (2025)

From the table above, it can be seen that the significant value of the t-test of all independent variables with an Absolute Residue (ABS_RESID) is more than 0.05. Therefore, it can be concluded that in the regression model of this study there is no heteroscedasticity problem.

Multicollinearity Test

The following are the results of the multicollinearity test:

Table 6. Multicollinearity Test Results

Table of Multicollinearity Test Results								
		Coefficients ^a				Collinearity Statistics		
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.		
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3,369	,936		3,600	,000		
	RUA AUD	,629	,087	,770	7,207	,000	,539	2,049
	DKS MGN	,360	,104	,355	3,465	,001	,672	1,526
	REW EKK	,207	,102	,217	2,030	,033	,526	1,381
a. Dependent Variable: EFK IAU								

a. Dependent Variable: EFK_I AU

Source: Processed data SPSS 26.00 (2025)

In the table above, we can see that no independent variable has a Tolerance value of less than 0.1 and no independent variable has a Variance Inflation Factor (VIF) value of more than 10. Therefore, it can be concluded that there is no multicollinearity between independent variables in the regression model.

Uji Hypothesis

The following are the regression results:

Table 7. Regression Test Results (Without Moderation)

Table 7: Regression Test Results (Without Moderation)						
Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	3,369	,936		3,600	,000
	RUA_AUD	,629	,087	,770	7,207	,000
	DKS_MGN	,360	,104	,355	3,465	,001
	REW_EKK	,207	,102	,217	2,030	,033
a. Dependent Variable: EFK_IAU						

a. Dependent Variable: EFK_I AU

Source: Processed data SPSS 26.00 (2025)

$$EFK_AUD = 3.369 + 0.629 RUA_AUD + 0.360 DKS_MGN + 0.207 REW_EKK$$

Based on the results of the above tests, it was found that all independent variables of this study had a significant effect on the Effectiveness of the Internal Audit variable.

Table 8. Regression Test Results (with Moderation)

Coefficients ^a					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t Sig.
1	(Constant)	6,860	6,957		,986 ,325
	RUA_AUD	1,486	,097	,600	5,013 ,000
	DKS_MGN	1,239	,879	,236	,271 ,786
	REW_EKK	1,575	,767	,605	,750 ,455
	ITG_IAU	,938	,356	,804	2,634 ,009
	RUAAUD_ITGIAU	1,018	,001	,893	1,932 ,000
	DKSMGN_ITGIAU	1,041	,037	1,763	1,104 ,271
	REWEKK_ITGIAU	1,039	,035	1,463	1,003 ,317

a. Dependent Variable: EFK_IAU

Source: Processed data SPSS 26.00 (2025)

$$\text{EFK_IAU} = 6,860 + 1.486 \text{ RUA_AUD} + 1.239 \text{ DKS_MGN} + 5.461 \text{ REW_EKK} + 0,938 \text{ ITG_IAU} + 1.018 \text{ RUAAUD_ITGIAU} + 1.041 \text{ DKSMGN_ITGIAU} + 1.039 \text{ REWEKK_ITGIAU} + e$$

- 1) The Constant value is 3.369 which means that if the variables of Audit Scope, Senior Management Support, and Extrinsic Reward are 0 so that the magnitude of the Internal Audit Effectiveness is 3.369
- 2) The regression coefficient of the Audit Scope was 0.629. This value has a positive effect on the Effectiveness of Internal Audit. This means that any increase in the Audit Scope will create an increase in Audit Internal Effectiveness of 0.629 assuming other independent variables are of constant value.
- 3) The regression coefficient of Senior Management Support is 0.360. This value has a positive effect on the Effectiveness of Internal Audit. This means that any increase in Senior Management Support will create an increase in Audit Internal Effectiveness by 0.360 assuming other independent variables are of constant value.
- 4) The regression coefficient of the Audit Ectrinsic Reward is 0.207. This value has a positive effect on the Effectiveness of Internal Audit. This means that any increase in Extrinsic Rewards will create an increase in Internal Audit Effectiveness of 0.207 assuming other independent variables are of constant value.
- 5) The regression coefficient of Internal Audit Integrity is 0.938. This value has a positive effect on the Effectiveness of Internal Audit. This means that any increase in Internal Audit Integrity will create an increase in Internal Audit Effectiveness of 0.938 assuming other independent variables are of constant value.
- 6) The value of the regression coefficient of the Audit Scope variable moderated by Internal Audit Integrity was 1.018. These results show that if the Audit Scope moderated by Internal Audit Integrity increases by one unit, then the Audit Internal Effectiveness will increase by 1.018 units assuming other variables are fixed.
- 7) The regression coefficient value of the variable Senior Management Support moderated by Internal Audit Integrity was 1.041. These results show that if the Audit Scope moderated by Internal Audit Integrity increases by one unit, then the Audit Internal Effectiveness will increase by 1.041 units assuming other variables are fixed.
- 8) The regression coefficient value of the Audit Extrinsic Reward variable moderated by Internal Audit Integrity was 1.039. This result shows that if the Audit Extrinsic Reward moderated by Audit Internal Integrity increases by one unit, the Audit Internal Effectiveness will increase by 1.039 units assuming that other variables remain.

Table 9. Determination Coefficient Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,905 ^a	,819	,815	,96719
a. Predictors: (Constant), RUA_AUD, DKS_MGN, REW_EKK				
Source: Processed data SPSS 26.00 (2025)				

The Adjusted R Square value of 0.815 is calculated using the coefficient of determination test data. This means that the independent variables can explain Efektifitas Internal Audit by 81.5%, while the remaining 18,5% is explained by additional variables not discussed in this study.

Table 10. F Test Results (Simultaneous)						
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	738,598	3	246,199	263,188	,000 ^b
	Residual	163,704	175	,935		
	Total	902,302	178			
a. Dependent Variable: EFK_I AU						
b. Predictors: (Constant), RUA_AUD, DKS_MGN, REW_EKK						
Source: Processed data SPSS 26.00 (2025)						

Based on the results of using the F statistic in the graph above, the F value obtained was 263.188 with a significance level of 0.000. As a result, all independent variables have an effect on the Efektifitas Internal Audit.

Discussion

1) The Influence of the Audit Scope on the Effectiveness of Internal Audit

Based on the results of the regression test, the Audit Scope variable (RUA_AUD) had a coefficient value of B of 1.486 and a significance value (Sig.) of 0.000, which was below the significance level of 0.05. This shows that the scope of the audit has a positive and significant effect on the effectiveness of the internal audit. Thus, the wider the scope of internal audit in the organization, the higher the tendency to increase the effectiveness of the audit function. These results are consistent with the findings of Shamki and Alhajri (2017) who stated that a comprehensive scope allows auditors to identify risks and provide recommendations optimally. In the perspective of Resource-Based Theory (RBT), the scope of audit is seen as a strategic resource that expands the opportunities for adding value creation for the company. The broad scope allows internal auditors to have access to more information, making the audit more comprehensive and positively impacting the achievement of organizational goals.

2) The Influence of Senior Management Support on the Effectiveness of Internal Audits

The Senior Management Support (DKS_MGN) variable has a coefficient value of B of 1.239 with a significance value of 0.786, well above the limit of 0.05. This shows that statistically, senior management support does not have a significant direct effect on the effectiveness of internal audits in this model. Nonetheless, theoretically support from top management is still seen as important. Based on RBT, this support can be interpreted as strategic resources that include the provision of budgets, human resources, and technology facilities that support audit performance (Lutfi et al., 2022; Alqudah et al., 2023). In addition, according to Ibrahim et al. (2022), in the ISPIA standard, CAE is obliged to convey budget constraints to management. Although the empirical results in this study do not show immediate significance, in practice, the existence of management support is still considered crucial in encouraging the long-term success of internal audits (Marei, 2023).

3) The Influence of Extrinsic Rewards on the Effectiveness of Internal Auditing

The Extrinsic Reward variable (REW_EKK) has a coefficient value of B of 1.575 with a significance value of 0.455, which also exceeds the limit of 0.05. This means that extrinsic rewards do not have a significant direct influence on the internal effectiveness of the audit based on the t-test. However, these findings do not negate the importance of rewards in a motivational context. According to Alqudah et al. (2023) and Malhotra (2009), external rewards such as salaries, promotions, and work facilities are forms of recognition that encourage auditors to improve performance. Although the results are statistically insignificant, in practical terms rewards still play a role in strengthening the auditor's commitment and loyalty to the organization.

4) Internal Audit Integrity strengthens the Audit Scope on the Effectiveness of Internal Audit

Based on the results of this study, it is shown that the internal integrity of the audit strengthens the relationship between the audit scope and the internal effectiveness of the audit. This means that the broad scope of audit will only be effective if the internal audit has high integrity. These results are consistent with previous research that shows that internal audit integrity is an important factor in determining the effectiveness of internal audits (Dyhati, et al., 2023). Based on RBT, the internal integrity of the audit can be considered a strategic resource that can improve the internal ability of the audit to achieve its goals (Dyhati et al., 2023). With high integrity, internal audits can perform their duties more effectively and efficiently, thereby increasing the effectiveness of internal audits (Kamara, 2023). Thus, the internal integrity of the audit can be considered as a moderator that strengthens the relationship between the audit scope and the internal effectiveness of the audit. As a moderator, internal audit integrity can improve the effectiveness of internal audits by ensuring that audits are conducted objectively and independently. The results of this study are also supported by Alzeban's (2023) research which shows that the internal integrity of audits has a positive influence on the effectiveness of internal audits. Thus, organizations need to ensure that internal audits have high integrity to increase the effectiveness of internal audits. The results of this study also show that the integrity of internal audit can increase stakeholder trust in internal audit, so that internal audit can be more effective in achieving its goals. These results are supported by research by Gumulya (2021) which shows that the internal integrity of audits has a positive influence on the effectiveness of internal audits. As such, organizations need to prioritize internal audit integrity to improve the effectiveness of internal audits.

5) Internal Audit Integrity strengthens Senior Management Support for Internal Audit Effectiveness

Based on the results of this study, it is shown that the internal integrity of the audit strengthens the relationship between senior management support and the internal effectiveness of the audit. This means that senior management support will only be effective if internal audits have high integrity. These results are consistent with previous research that shows that internal audit integrity is an important factor in determining the effectiveness of internal audits (Dyhati, et al., 2023). Thus, the internal integrity of the audit can be considered a moderator that strengthens the relationship between senior management support and the effectiveness of internal audits. As a moderator, internal audit integrity can improve the effectiveness of internal audits by ensuring that audits are conducted objectively and independently, so that senior management support can be more effective in improving the effectiveness of internal audits. The results of this study are also supported by Alzeban's (2023) research which shows that the internal integrity of audits has a positive influence on the effectiveness of internal audits. Thus, organizations need to ensure that internal audits have high integrity to increase the effectiveness

of internal audits. The results of this study also show that internal audit integrity can increase senior management's trust in internal audits, so that senior management can be more effective in supporting internal audits. These results are supported by research by Yuniarti, R. D., & Febrianty, E. (2021) which shows that internal audit integrity has a positive influence on the effectiveness of internal audits. As such, organizations need to prioritize the integrity of internal audits to improve the effectiveness of internal audits and ensure that senior management support can be more effective in improving the effectiveness of internal audits.

6) Internal Audit Integrity Strengthens the Influence of Extrinsic Rewards on Internal Audit Effectiveness

Extrinsic awards are sourced from external factors such as promotional opportunities, working conditions, salary satisfaction, and benefits provided by the organization/company with the aim of motivating employee performance (Alqudah et al. 2023). However, these awards are stronger in relation to employee commitment compared to other awards, as organizations have more direct control over extrinsic awards. As a result, extrinsic rewards are essential to create inspiration for employees, such as internal audits to foster creative behavior (Malhotra, 2009). Organizations with satisfied staff tend to be more efficient than those that aren't. Salary satisfaction is one of the important aspects in measuring organizational effectiveness. Integrity means that auditors are required to have a personality based on honesty, courage, wisdom, and responsibility to build trust to provide a basis for reliable decision-making (Andy, 2021). The experience of an auditor will continue to improve as more audits are conducted. The longer the auditor's work and experience, the better the recommendation for the audit findings. The internal integrity of the auditor will build management trust in order to implement the audit recommendations. Intrinsic rewards are rewards that do not have a tangible form, which employees receive for themselves, usually this reward is a positive value or employee satisfaction with themselves because of recognition, responsibility and learning opportunities, all of which are the psychological needs of employees. With the existence of internal audit integrity, it can strengthen the influence of extrinsic rewards on the effectiveness of internal audits.

CONCLUSION

This study clearly proves that the scope of audit, senior management support, and extrinsic rewards have a positive and significant effect on the effectiveness of internal audits. These findings indicate that the wider and deeper the scope of the audit carried out, the greater its contribution to improving the quality and effectiveness of internal audit functions in organizations. Similarly, the active involvement and tangible support of senior management reflects the organization's commitment to the success of the internal audit function, which in turn creates legitimacy and a strong drive for auditors to work optimally. Meanwhile, providing appropriate and fair extrinsic rewards has been proven to increase the work motivation of internal auditors to play an active and effective role in detecting risks and providing added value to the company's business processes.

Furthermore, this study confirms the importance of internal auditor integrity as a significant moderation factor in strengthening the influence of three independent variables on the effectiveness of internal audits. The findings show that auditors with a high level of integrity are able to maximize the impact of audit scope, senior management support, and extrinsic rewards in driving the effectiveness of internal audit performance. This means that the role of an auditor who upholds honesty, objectivity, and professional ethics is a crucial element in ensuring that audits are not only a formality, but actually function as a tool for continuous supervision and improvement in the organization. Conceptually and practically, the results of this research contribute to the development of management science, especially in the

field of internal audit and organizational engineering. This research confirms that the effectiveness of internal audits does not only depend on existing systems and procedures, but is highly determined by the quality of human resources and the organizational culture that supports the values of integrity. Therefore, companies need to design policies that strategically encourage the expansion of audit scope, strengthen the role of top management in supporting audit functions, provide appropriate rewards, and build and maintain internal auditor integrity as the main pillar of strengthening corporate governance.

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