Performance Measurement System and Business Lending Efficiency at Cooperative X in Rembang Regency

Annisa Qurrota A'yun [1*], Imam Prayogo[2], Muhammad Wildan[3], Ade Pugara[4], Agus Dwianto[5]

[1] Vocational School, PSDKU Manajemen, Universitas Diponegoro, Semarang, Indonesia
[2,3] Vocational School, PSDKU Accounting, Universitas Diponegoro, Semarang, Indonesia
[4] Vocational School, PSDKU Engeneering, Universitas Diponegoro, Semarang, Indonesia
[5] Accounting Magister, Universitas Muhammadiyah Surakarta, Indonesia

Abstract

Purpose The purpose of this study is to evaluate Cooperative X in Rembang's business credit efficiency and performance measurement system. Internal control officers (ICOs) in their capacity as auditors are the study's subjects.

Methodology: This is an experimental study that collects data in addition to employing a convenience sample technique. 92 questionnaires were distributed in Cooperative X in Rembang City to gather data. Answers were given by 58 former internal control officers, 12 risk managers, and 22 internal auditors out of the 92 interviewees (53%). Structural equation modeling data analysis looks at the link between latent and observable variables.

Findings: According to the results of the hypothesis test, the performance assessment system is significantly impacted by credit performance. The effectiveness of credit has a big impact on management control. Loan performance has a significant Organisational learning is significantly impacted by lending performance. Employee sentiments are significantly impacted by lending performance.

Applications/Originality/Value: This study examines the role of the Management Control System (MCS), especially the Performance Measurement System (PMS), in improving the lending (credit) performance of Cooperative X in Rembang. The research will be discussed and aims to determine whether the relationship between the Management Control System (MCS) and Attitudes toward risk and organizational learning can be used to explain lending (credit) performance (balanced scorecard equal).

Introduction Section

According to Simamora (2002), performance is the fulfillment of specific professional requirements that ultimately have a direct impact on the output, both in terms of quantity and quality. According to Nawawi (2001), both tangible and intangible aspects of work performance lead to performance. According to Yasti (2001), performance is the outward manifestation and outcomes of workers' efforts within the organization, both in terms of quantity and quality. Performance refers to how employees and work groups present themselves. All employees within the organization, regardless of their functional or structural position, can view the results of their work. According to Ali (2004), ratios such as Loan to Equity (LTE), which is the ratio used to calculate the proper amount of bank capital, can be used to monitor credit performance. The bank's ability to manage credit and the quality of its loans both decline with a smaller percentage. Reduce the number of problematic loans in this instance. A statistic called the credit risk ratio (CRR) is used to assess how well a bank's management can reduce potential risks. This can provide insight into the magnitude of bank credit defaults in this instance. The bank's credit is less robust the greater this ratio is. When a consumer doesn't pay back all of the credit they obtained from the bank, it's known as credit rationing (problem credit). A ratio called provision for loan losses (PLL) is used to assess how well banks manage their credit. Put differently, this is used to calculate the percentage of the cost of writing down productive assets compared to the total amount of credit provided, regardless of the existence of various credit bottlenecks.

A company unit's success is frequently assessed with more financial efficiency. This progressed up to the 1980s. Return on Capital Employed (ROCE), Return on Investment (ROI), Economic Value Added (EVA), and other metrics are examples of financial measures. Return on capital employed (ROCE), according to Kaplan and Atkinson (1998), is a metric used to assess how well a business performs and efficiently uses its material and financial resources to increase value for

---

its shareholders. The ability of a business to make money from assets utilised in its operations is demonstrated by its return on investment (ROI) or business unit. One metric that is frequently used to assess the performance of investments is return on investment. On the other hand, financial efficiency attained by lowering capital costs for the average investment level is measured by economic value added, or EVA. Accordingly, EVA is calculated by deducting the entire cost of capital from the operating profit after taxes (Gunawan, 2015). These different measurement tools focus more on achieving partial financial goals as the key to a company's operational success. In fact, financial performance is just one of a series of processes that must be carried out in the company, such as work (employees), organization (department), marketing (marketing) and other processes. According to Gunawan (2015), referring to the development of an increasingly competitive and complex business world, financial indicators or financial performance are not the only factors determining success. In the operations of a company, If pertinent non-financial factors that promote improved financial performance are present, financial performance will be strong. The Balanced Scorecard is a framework for performance measurement that Kaplan and Norton (1992) created to address a number of shortcomings in financial performance metrics.

The balanced scorecard highlights the need for both financial and non-financial metrics to be included in the employee information system for every department within the organization (Kaplan and Norton, 1996). The balanced scorecard also takes into account business performance from the standpoint of goals and KPIs, examining it from four angles: learning and development, financial, customer, and internal business operations. The conventional method of measuring business performance, which placed greater emphasis on financial performance, was outperformed by the balanced scorecard. Wise et al (1998) argue that the financial performance measurement system faces many criticisms because it ignores non-financial aspects. The balanced scorecard provides a framework for selecting a variety of performance measures that complement traditional financial performance measures by operationalizing measures of customer satisfaction, business processes internally as well as learning and growth. An organization or entity that requires supervision or control. Good control is systematized and programmed. A company's Management Control System can help management determine decisions or policies. The success of SPM depends on the company's performance. In addition to the Management Control System, performance evaluation is also required. Performance appraisal is generally the evaluation of employee (worker) performance. Performance appraisal has one metric, which is the Performance Measurement System.

Previous research shows a relationship between Management Contoll System and organizational performance (Widener, 2007), organizational performance (Gani, 2004) and organizational process performance (Mahama, 2006). Research on performance measurement according to the balanced scorecard of the banking industry is still minimal, especially in Rembang Cooperative X. Khan (1995) argues that increased lending (credit) Must pay attention to the behavior of the party needing capital and the behavior of the party providing capital. Cooperative is a financial institution that accepts deposits only in the form of time deposits, savings and/or other similar forms and distributes funds (loans) as a Cooperative company. The purpose of Cooperative is to reach people who are not affected by commercial banks and achieve a more equitable distribution of banking services, a more equitable distribution of business opportunities, and a more equitable distribution of income.

One of the efforts of the Central Java Provincial Government is to restructure Cooperative X in Rembang towards high standards of professionalism. Rembang X Cooperative is part of the regional government financial institution. Cooperative X is cautious in credit management. The distribution of credit to customers carries huge risks. One of them is the failure to refund money or credits distributed to customers because not all customers can repay credits correctly and on time. Therefore, a reliable accounting information system is necessary as a basis for management decision-making (Kuncoro, 2011). Establishing a complete and reliable accounting system is very important for businesses. This accounting system is usually applied to a business's largest assets or capital. It is natural for a company operating in the financial services sector to implement a credit accounting system because this will greatly affect the company's operations (Kuncoro, 2011).

From the above description, it can be explained that Cooperative This study reviews the role of A management control system, especially A management control system, in improving financial performance (Hudayati, 2012). In the balanced scorecard-based study, the financial and non-financial performance of banks, especially Cooperative X in Rembang, could be measured. Hudayati (2012) recommended that future research could be studied in conventional banks and other financial institutions other than the Islamic banking system. Overall, these studies cannot answer and explain the effectiveness and efficiency of the Management Control System, especially the Performance measurement system, in improving performance. There is very little documentation in this study. Perhaps there has been no previous research of a similar nature, so researchers need to test the Management Control System, especially the Performance measurement system, to improve lending (credit) efficiency. Fit. The researcher titled the study "Performance measurement system and business loan performance at Koperas X in Rembang Regency".

Literature Review

Agency Theory

According to agency theory, an agency relationship develops when one or more parties (principals) engage an individual (an agent) to perform a service and then give the agent decision-making authority. (Jensen and Mecklin, 2001). Conflicts of interest arise between the principal and the agent because the agent may act contrary to the principal's interests, thereby incurring agency fees. As agent, the manager has a moral responsibility to maximize the owner's profits by receiving contractual compensation. Eisenhardt (1997) explains agency theory using three fundamental tenets of human nature: (1) individuals are inherently self-interested; (2) people have constrained rationality, which limits their capacity to plan rationally about the future; and (3) people constantly avoid taking risks (risk aversion). Taking into account the fundamental aspects of human nature, managers are prone to acting opportunistically, meaning they will prioritise their own interests. According to Jensen and Mecklin (2001), agency costs result from the presence of agency difficulties, specifically:

a. *The monitoring expense borne by the principle, that is, the monitoring expenditures incurred by principals in order to keep an eye on the agents' behaviour when running the firm.*

b. *The agent's bounding expense (bounding cost),* are the costs that an agent must incur to ensure that he or she does not act to the detriment of the principal.

c. *The residual cost,* This is a reduction in the usefulness of the principal and agent due to the existence of an agency relationship.

An imbalance in information control will cause information asymmetry. Information asymmetry between management and owners gives managers the ability to manage outcomes in a way that misleads shareholders about the firm's economic performance. A management control system is necessary for every organization, including Cooperative X in Rembang. Widener (2007) explains that management control system is related to organizational performance. Meanwhile, Govindarajan and Fisher (1990) pointed out that management control system is also related to organizational performance. Consistent with Mahama (2006), management control system explains that in addition to being concerned with the performance of the organization and certain parts of the organization, management control system is also concerned with certain parts of the organizational processes position. Therefore, management control system maintains a close relationship with the organization, both internally and externally, to achieve its goals. In the banking sector, A management control system has been shown to play an important role, especially in the financial management process (Cobb et al., 1995). Khan (1995) argues that to improve financial performance, it is necessary to pay attention to the behavior of the party requiring capital and the behavior of the party providing capital. Banks have the power to decide the type of financing that will be offered to consumers (Khan, 1995). Therefore, the banking industry really needs A management control system to carry out its operational activities. Management control system measures the accuracy of banking operations using certain indicators to evaluate the effectiveness, efficiency, economy and elegance of the banking industry. A good organization can go hand in hand with management control system because the stronger the organization, the better management control system performs.

Reducing agency difficulties can be achieved by utilising the link between management control systems and agency theory. For instance, there is a mistrust conflict in agency theory between the owner, who is the principle, and the operations manager, who is the agent. Agents as those responsible for carrying out day-to-day operations have a vision, mission and goals for the continuity of the business (entity). Meanwhile, the leader as an investor wants the company's profits to increase every year. This creates different conflicts of interest between business owners and managers. A good management control system typically requires managers and agents to prepare, implement, monitor, and make decisions to solve problems. A form of management control system in companies is the existence of an audit committee at the commissioner level, risk management, an internal control department (internal audit), and a monthly review by the agency director. The importance of budget targeting will reduce agency problems in the form of budget deficits. This shows that the better the management control system the higher the level of trust between the agency and the principal. Simons (1995) established the concept of the Performance Measurement System, notably its interactive and diagnostic applications. By using a performance measurement system, managers are encouraged to concentrate on the critical elements influencing performance and receive diagnostic information about those issues. Managers engage in regular and dynamic discussions while using an interactive performance measurement system, with a greater emphasis on future events. Comprehensive Performance Measurement System emphasises the process of promoting innovative concepts and tactics.

The relationship between agency theory and performance measurement systems can reduce agency problems. Measuring employee performance, business goals, risks, and business operations from a legal perspective can minimize losses. High employee work ethic, discipline and compliance with SOPs (company operating standards). The goals or work programs of each department (marketing goals and profit goals) are always followed. Business risks related to employee fraud, (customer) relationships and solar operating costs are always considered. In addition, every step or effort in operational management always takes into account the legal aspect so as not to run the risk of loss due to legal action. Performance Measurement System is a measure of an agency's success in carrying out its activities and is the primary assessment of its performance.

Financing (Credit Risk Principles)

One of the primary responsibilities of banks is financing, or giving parties with deficits the ability to get capital to meet their demands (Antonio, 2001). In essence, credit risk is the chance that the debtor won't be able to pay the bank back according to the terms of the agreement. By keeping the amount of credit risk within reasonable bounds, risk management seeks to optimise the return on a bank's financing activities. To achieve this, banking expertise is needed in financial portfolio management and credit risk management (Z. Dunil, 2006).

Bank Indonesia issued Regulation No. 5/8/PBI/2003 by Bank Indonesia, dated May 19, 2003, concerning the public's and Bank Indonesia's implementation of risk management Circular No. May 21 /DPNP September 29, 2003 on Risk Management Implementation Standards Guide for Banks and Other Similar Institutions. Credit risk is the risk that arises because a counterparty does not fulfill its obligations. A bank's functional activities, which are documented in the banking and transaction books system, can give rise to credit risk. These activities include trade finance, treasury and investment, and credit (capital provision).

Attitude towards risk

According to William and Narendran (1999), an organization's risk attitude refers to its readiness to take on risk. Banks are unable to approve initiatives that are actually profitable due to their low risk culture (Fletcher, 1995). Low bank funding may result from this (Lewis and Algaoud, 2001). Since capital carries a significant level of risk, a poor attitude towards risk might result in little capital. Bank management keeps an eye on and supervises attitudes towards risk. Monitoring the credit disbursement and repayment procedure on a regular basis carries significant risks.

Organizational learning

Organisational learning is the ongoing pursuit of experience and the process of turning that experience into knowledge that may assist the organization's mission and be applied by all divisions. Relevant organizations (Senge, 1990). Several studies highlight banks' restricted ability to choose and assess projects' and firms' viability, as well as their inability to oversee the source of funding provided (Errico and Farahbaksh, 1998) will affect funding effectiveness. Gafoor (2018) believes that financial resources for cooperative X in Rembang are lacking because these banks lack expertise, experience and capital to carry out financing.

Use a performance measurement system

The performance measurement system, specifically the interactive and diagnostic usage of Performance Measurement System, is based on the SPK idea created by Simons (1995) and will be employed in this study. Managers are encouraged to concentrate on these critical variables by using the Performance Measurement System, which provides diagnostic information about key factors affecting performance. Three features make the use of Performance Measurement System diagnostics possible: 1) the capacity to quantify operational outcomes; 2) the presence of pre-established benchmarks that facilitate the comparison of outcomes and benchmarks; and 3) the capacity to implement corrective actions in the event that benchmarks are not met (Iwaarden, 2006). Managers engage in regular and dynamic discussions while using an interactive performance measurement system, which puts a greater emphasis on future events. Encourage innovative concepts and tactics by utilising interactive Performance Measurement Systems that are process-focused. An interactive system allows the control system to function during a conversation, learning and generation of new ideas (Burchell et al, 1980).

Method

A population is a collection of individuals, occasions, or things with shared attributes (Indriantoro and Supomo, 2009). The study's population comprises auditors who are employed at Cooperative X located in Rembang. Indeed, the researcher lives and works in Rembang district. In addition, the development of Cooperative X in Rembang is getting faster and faster. Sampling is done on a convenience basis (convenience sampling. Since it is impossible to know for sure how many people are employed at the junior, senior, and management levels at this time, the completeness of the data should be taken into account while utilizing an analytical model for analysis. Measurement of constructs and relationships between variables will be assessed using structural equation modeling (SEM).

The term structural equation model contains two important aspects:
(a) the qualitative process in research will be represented by a series of structural equations (such as regression) and
(b) the relationship This can be modeled to allow clearer structural design equation basic theory.
The structural equation model basically consists of two parts, which are:
(a) the measurement part that relates the observed variable to the latent variable through a confirmatory factor model and
(b) the linking structure part latent variables through simultaneous regression equations (Ghozali, 2004).

Using distinct associations for each dependent variable sets SEM apart from other multivariate approaches. SEM is distinct from other multivariate methods that rely just on the input data's variance/covariance or correlation matrix. SEM is a thorough statistical technique for evaluating theories regarding the connections between latent and observable variables. Abstract ideas that are immediately measurable are known as observed variables. Abstract ideas that are impossible to quantify directly are known as unobserved variables. (latent or constructed) (Ghozali, 2004).
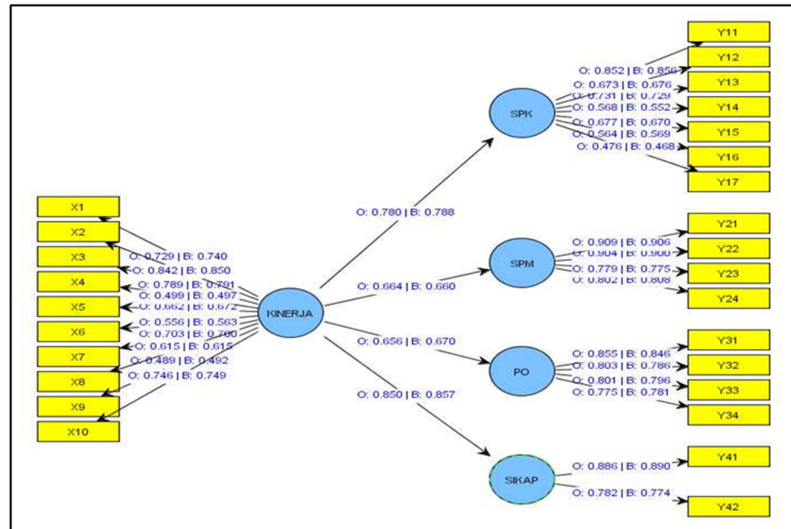
In this study, the primary data collection technique was carried out using the survey method, specifically questionnaires. The data collection technique used questionnaires, including direct mailing to Cooperative X in Rembang. Each cooperative received a survey based on the number of workers determined by these standards. The collection period is 1 (one) week from when respondents receive the questionnaire. The questionnaire is designed to include two parts. The first section contains a description of the respondent, describing the respondent's demographics. The second part includes a questionnaire instrument that constructs the study variables. This second section contains questions with answers on a Likert scale (1 to 7). Primary data are the kind of data used in this investigation. Primary data are those that come from a person or group of people that are researched using questionnaires and take the shape of their decisions, attitudes, experiences, or other characteristics (Indriantoro and Supomo, 2002). The questionnaire replies that respondents returned provided primary data. First, questionnaire responses will be examined to determine whether they have been completed as fully as desired for analysis purposes. The criteria of respondents are as follows:

a. Permanent staff of the Cooperative are trained at least Diploma 3, must have management knowledge of banking issues and financial risk management.

b. Permanent employees of the Cooperative have a minimum of 2 (two) years of professional experience, assuming that 2 (two) years of experience is considered to have high integrity and commitment to the organization, with professionalism and understand attitudes towards financial risk.

The permanent employee of the Cooperative holds the position of Director (branch director). The assumption is that someone at management level will understand attitudes to risk, the quality and quantity of sponsorship, and organizational learning. Management control systems research provides evidence that the importance of budget targets reduces agency problems in the form of budget shortfalls (Merchant, 1985). Furthermore, Webb (2002) found that gap surveys can also reduce financial shortfalls. The importance of budget targets focusing on target achievement and gap studies allows subsequent outcome measures to be compared to established standards, similar to the use of SPK to reduce performance goals (Simons, 1990). If the use of SPK can reduce agency problems in the form of alleviating financial slack, then it can be expected that the use of SPK can also reduce other agency problems in the form of shows loans (credits) as a reference for the balanced scorecard. According to agency theory, an agency relationship develops when one or more parties (principals) engage an individual (an agent) to perform a service and then give the agent decision-making authority. (Jensen and Mecklin, 2001). Conflicts of interest arise between the principal and the agent because the agent may act inconsistently with the principal's interests, thereby incurring agency fees. As agent, the manager has a moral responsibility to maximize the owner's profits by receiving contractual compensation.

One feature of agency theory that is included in performance evaluation is the balanced scorecard. The oversight and management of an organization's day-to-day operations is known as agency theory. The unit owner conducts a comprehensive evaluation of the financial and human resource operations. Their performance can be evaluated by human resources. In this work, we establish a connection between lending performance and the balanced scorecard's performance measurement method. Given the description given above, the following theory can be put forth:

Hypothesis 1:

Lending (credit) performance and performance assessment systems are significantly correlated.

Management control systems can be used to reduce performance problems. The involvement of lower-level managers in budget planning may cause them to create budget deficits in the budgets they prepare (Young, 1985). The budget gaps created result in erroneous budget preparation and reduce the budget's effectiveness as a performance measurement tool. Although the opportunity given to lower-level managers to participate in the planning process may have a negative impact on the budget plans that have been developed, the same can happen if such exchange opportunities during the budget performance review process. Conflicts of interest arise between the principal and the agent because the agent may act inconsistently with the principal's interests, thereby incurring agency fees. As agent, the manager has a moral responsibility to maximize the owner's profits by receiving contractual compensation. In the banking sector, SPM has been shown to play an important role, especially in the financial management process (Cobb et al., 1995). Khan (1995) argues that to improve financial performance, it is necessary to pay attention to the behavior of the party requiring capital and the behavior of the party providing capital. Banks have the power to decide the type of financing that will be offered to consumers (Khan, 1995). Therefore, the banking industry really needs SPM to carry out its operational activities. Management control systems measures the accuracy of banking operations using certain indicators to evaluate the effectiveness, efficiency, economy and elegance of the banking industry. A good organization can go hand in hand with management control systems because the stronger the organization, the better management control systems performs.

Reducing agency difficulties can be achieved by utilising the link between management control systems and agency theory. For instance, there is a mistrust conflict in agency theory between the owner, who is the principle, and the operations manager, who is the agent. Agents as those responsible for carrying out day-to-day operations have a vision, mission and goals for the continuity of the business (entity). Meanwhile, the leader as an investor wants the company's profits to increase every year. This creates different conflicts of interest between business owners and managers. A good management control system typically requires managers and agents to prepare, implement, monitor, and make decisions to solve problems. A form of GPS in companies is the existence of an audit committee at the commissioner level, risk management, an internal control department (internal audit), and a monthly review by the agency director. Thus, the management measurement system can be connected to lending (credit) performance as a balanced scorecard tool. The description above allows for the formulation of the following hypothesis:

Hypothesis 2:

Lending (credit) efficiency and management measurement system are significantly correlated.

According to agency theory, an agency relationship develops when one or more individuals (principals) engage an agent to perform a service and then give the agent decision-making authority (Jensen and Mecklin, 2001). In order to explain agency theory, Eisenhardt (1997) makes three fundamental assumptions about human nature: (1) people are inherently self-interested; (2) people have bounded rationality, which limits their capacity for thought regarding future perception; and (3) people always avoid risks (risk aversion). Assuming basic human nature, managers are likely to act opportunistically because they are human, that is, prioritizing their personal interests.

According to Senge (1990), organisational learning is the ongoing process of searching out experience and turning that experience into knowledge that can serve the organization's mission and be used by all divisions within the organisation. Several studies highlight banks' restricted ability to choose and assess projects' and firms' viability, as well as their inability to oversee the source of funding provided (Errico and Farahbaksh, 1998) will affect funding effectiveness. Gafoor (2003) believes that financial resources for BPR are lacking because these banks lack expertise, experience and capital to carry out financing. Some preliminary research has shown that organizational learning can improve organizational performance (García-Morales and Llorens-Montes, 2006). The positive relationship between organizational learning and performance can be explained by the resource-based view (Grant, 1991). The resource-based view asserts that the source of a company's competitive advantage comes from the unique resources it has at its disposal. Knowledge is a very valuable resource for organizations and the creation of competitive advantage is greatly influenced by knowledge. Additionally, knowledge creation will enhance organizational capabilities. This increase in capacity will lead to an increase in business efficiency. According to this study, organisational learning will benefit financial resources, such as loans. Through organisational learning, a number of sponsorship performance-related characteristics can be enhanced. A few of these variables are the bank's capacity to assess a project's viability, its heightened capacity to conduct oversight functions, its enhanced comprehension of the goals of its employees and management, and the speed at which bankers' conceptions of a debt-based banking system are evolving to a financial network. The description above allows for the formulation of the following hypothesis:

Hypothesis 3:

Organisational learning and lending (credit) performance are significantly correlated.

According to agency theory, an agency relationship develops when one or more parties (principals) engage an individual (an agent) to perform a service and then give the agent decision-making authority (Jensen and Mecklin, 2001).

Conflicts of interest arise between the principal and the agent because the agent may act inconsistently with the principal's interests, thereby incurring agency costs. As agent, the manager has a moral responsibility to maximize the owner's profits by receiving contractual compensation. Eisenhardt (1997) explains agency theory using three fundamental tenets of human nature: (1) individuals are inherently self-interested; (2) people have constrained rationality, which limits their capacity to plan rationally about the future; and (3) people constantly avoid taking risks (risk aversion). Assuming basic human nature, managers are likely to act opportunistically because they are human, that is, prioritizing their personal interests.

Lewis and Algaoud (2001) argue that banks' low attitude towards risk causes financing activities to remain weak. Credit is a financing activity with a high level of risk compared to financing using other systems. Therefore, it can be predicted that banks with a higher attitude towards risk will also benefit from greater financial resources (Janarko, 2006). According to William and Narendran (1999), an organization's risk attitude refers to its readiness to take on risk. Banks are unable to approve initiatives that are actually profitable due to their low risk culture (Fletcher, 1995). Low bank funding may result from this (Lewis and Algaoud, 2001). Since capital carries a significant level of risk, a poor attitude towards risk might result in little capital. Bank management keeps an eye on and supervises attitudes towards risk. Monitoring the credit disbursement and repayment procedure on a regular basis carries significant risks. As a result, it is possible to infer that financing level and attitude towards risk are related. The fourth hypothesis can be stated as follows using the description provided above as a basis:

Hypothesis 4:

The performance of loans (credit) and employee attitudes are significantly correlated..

This study uses three control variables: bank assets (Miller and Smith, 2002), number of employees (Avkiran, 1997) and bank age (Kutsuna et al., 2002), which are predictive factors. Ants influence the quality and quantity of funding. , in addition to attitudes toward risk and organizational learning. Furthermore, it is established that the number of employees in a bank branch affects the amount of funding. BPR's increasing contribution in banking services to the community is also reflected in the change in the amount of capital collected and disbursed to the community as well as the continuously increasing volume of business activities over the past 7 years. Credit risk is essentially the possibility that the debtor cannot fulfill his agreed-upon duties to the bank. By keeping the amount of credit risk within reasonable bounds, risk management seeks to optimise the return on a bank's financing activities. To achieve this, banking expertise is needed in financial portfolio management and credit risk management (Z. Dunil, 2006).

Based on the above description, the research framework on cooperatives is as follows:
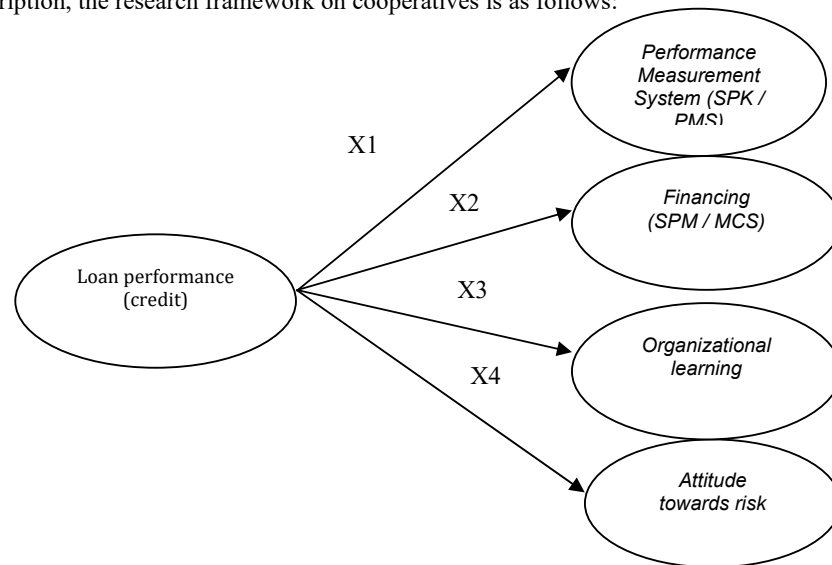

Figure 1. Theoretical framework

Result And Discussion

The measurement of constructs and relationships between variables will be evaluated using structural equation modeling (SEM). The term structural equation model contains two important aspects: (a) the qualitative process in research will be represented by a series of structural equations (such as regression) and (b) the relationship This can be modeled to allow clearer structural design equation basic theory. The structural equation model basically consists of two parts, which are:

(a) the measurement part that relates the observed variable to the latent variable through a confirmatory factor model and
(b) the linking structure part latent variables through simultaneous regression equations. (Ghozali, 2004).
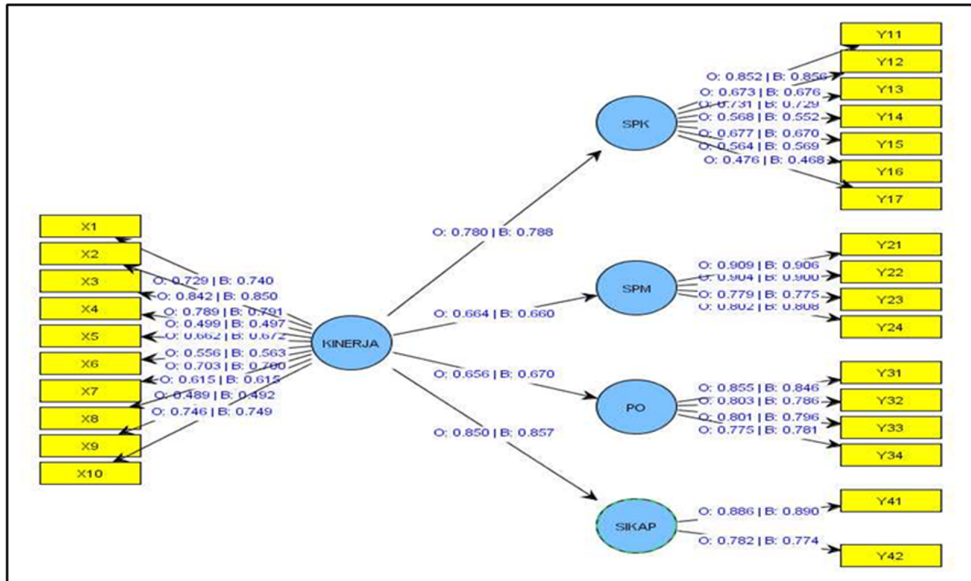
The second-order latent construct (X/Credit Provision) is measured by five first-order components, namely (Y1, Y2, Y3 and Y4 represented by employees' attitudes towards risk, learning organizational learning, performance, management control systems, performance measurement systems). The interviewees in this study were auditors working at Cooperative X in Rembang. This study used a questionnaire distributed to 92 respondents (53%), including 58 former internal control officers, 12 risk management officers, and 22 internal auditors who asked questions. reply.

Numeric Results
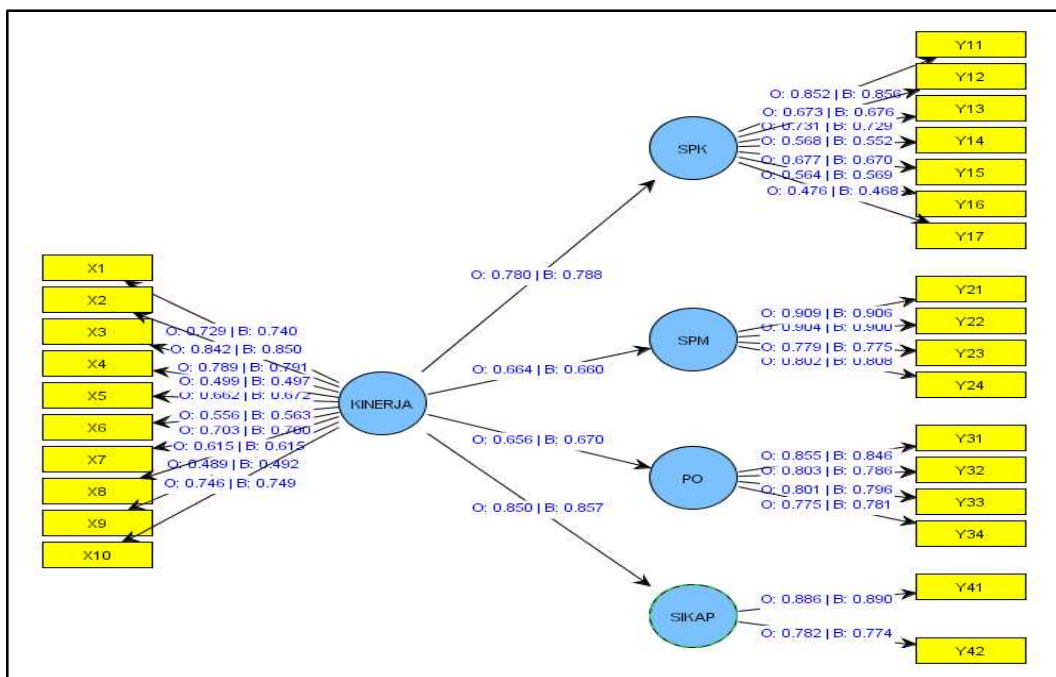
Outer Model

Convergent Value *(Convergent*Validity)
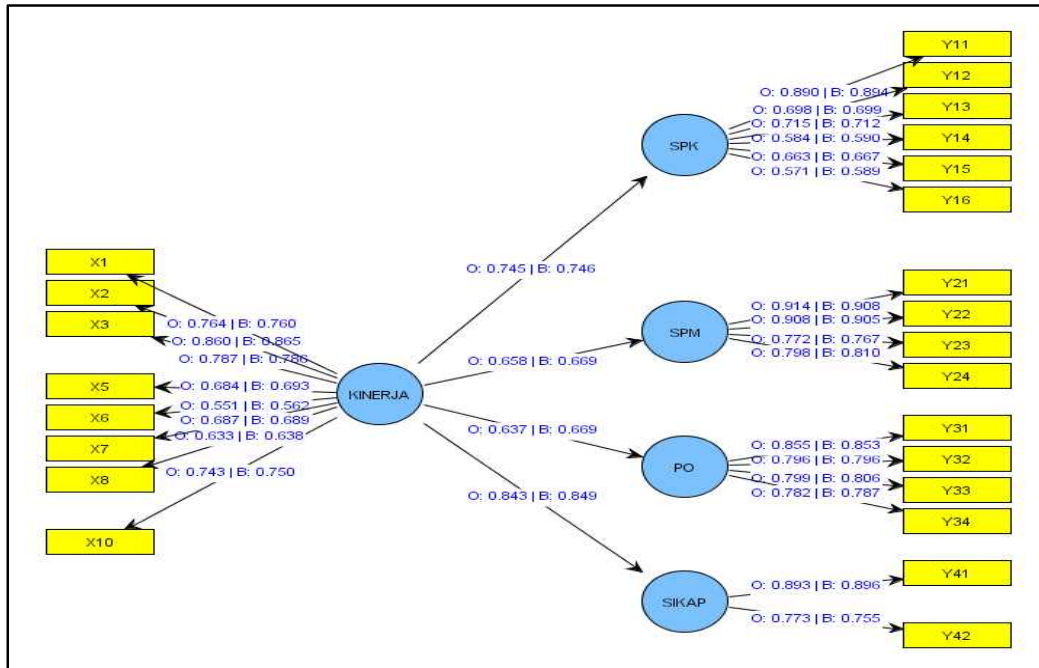The modified search model can be specified as follows:

Figure 2. Results of influence between variables

Table 1. Average Variance Extracted (AVE)

	Average variance extracted (AVE)
LP	0.517
SPK/PMS	0.483
SCM/MCS	0.723
OL	0.653
ATR	0.697

Source: primary data processed.

Table 2. Reliabilitas Composit Results

	Reliability Composit
LP	0.894
SPK/PMS	0.845
SCM/MCS	0.912
OL	0.883
ATR	0.821

Source: primary data processed.

Table 3. R-square Model

	R-square
LP	
SPK/PMS	0.554
SCM/MCS	0.433
OL	0.406
ATR	0.710

Source: primary data processed.

Hypothesis testing and the relationship between variables can be observed by looking at the model's internal weights, which is the result of the path coefficient in the within model:

Table 4. Validation Results

	original sample estimation	Subsample mean	Standar deviation	T-Statistic
LP -> SPK/PMS	0,745	0,746	0,059	12,684
LP -> SCM/MCS	0,658	0,669	0,055	12,050
LP -> OL	0,637	0,669	0,081	7,868
LP -> ATR	0,843	0,849	0,026	32,708

Source: primary data processed

Conclusion

After analyzing the data from the previous chapter, It is possible to reach the following conclusions:

According to Hypothesis 1, the efficacy of credit received Okay and the performance measurement method are significantly correlated. Based on a two-tailed test at the 5% level, this has a t-statistic value of 12.684, which is more than 1.96. According to hypothesis number two, there is a substantial correlation between the performance of loans that are obtained and the management control system. Based on a two-tailed test at the 5% level, this has a t-statistic value of 12.050, which is more than 1.96. According to hypothesis 3, there is a substantial correlation between the efficiency of loans obtained and organizational learning. The t-statistic value of 7.868, which is greater than 1.96 for a two-tailed test at the 5% level, provides the basis for this. According to hypothesis 4, there is a strong correlation between employee attitudes and the effectiveness of loans received. It is based on t-statistic values. It was 32,708, higher than the two-way test's 1.96 at the 5% level.

References

Ahmed, S.M., Azhar S., Kappagntula P. and Gollapudil D. (2003). Delays in construction: a brief study of the Florida construction industry. Proceedings of the 39th Annual ASC Conference, Clemson University, Clemson, SC, pp. 257-66.

Ali, (2004). Asset Liability Management Menyiasati Resiko Pasar dan Resiko Operasional dalam Perbankan. Cetakan Pertama. Elex Media Komputindo, Jakarta.

Algaound, latifa dan lewis. 2001. Perbankan Syariah Prinsip Praktik Prospek. Jakarta: Serambi Ilmu Semesta.

Antonio. 2001. Bank Syariah dari teori ke praktik. Jakarta: Gema Insani Press

Avkiran, N. K. (1999). An application reference for data envelopment analysis in branch banking: helping the novice researcher. International Journal of Bank Marketing, 17(5), 206 220. https://doi.org/10.1108/02652329910292675

Bambang Supomo, dan Indriantoro, Nur, 2009, Metodologi Penelitian Bisnis untuk Akuntansi dan Manajemen, Edisi Pertama, BPFE, Yogyakarta

Burchell, S., Clubb, C., et al. (1980). The roles of accounting in organizations and society. Accounting, Organizations and Society, 5(1), 5-27.

Cobb-Wahlgren. et al., (1995), Brand Equity, Brand Preference and Puchase Intent. Journal of Advertising, vol. 24(3), pp. 25-41.

Eisenhardt, Kathleem. M. 1989. Agency Theory: An Assesment and Review dalam Muh. Arief Ujiyantho dan Bambang Agus Pramuka, (Eds.) Mekanisme Corporate Governance, Manajemen Laba dan Kinerja Keuangan. Makassar : Simposium Nasional Akuntansi X.

Errico, Luca, and Mitra Farahbaksh. 1998. "Islamic Banking: Issues in Prudential Regulations and Supervision." IMF Working Papers 98(30): 1.

Fletcher, P.,& MacWhinney,B.(1995).The Handbook of Child Language.Massachusetts.

Gafoor, S.P.A., Mariappan, V., (2018). Board Charasteristics nd bank performances in india. IMB Management Riview

Garcia-Morales, VJ., Llorens-Montes, F.J. amnd Verdu Jover, A.J. (2008) The Effects of Transnational Leadership on Organizational Performance through Knowledge and Innovation. (British Journal of Mnagement. 19(4): 299-319

Govindarajan, V, Fisher, J. 1990. Strategy, Control, Systems, and Resources Sharing; Effects on Business-Unit Performance. Academy of Management Journal, 33: 259-285.

Gozali, (2004). Model Persamaan Struktural: Konsep dan Aplikasi dengan Program Amos 19.0. Semarang: Badan Penerbit Universitas Diponegoro

Grant. (1991). The Resources-Based Theory of Competitive Advantage: Implication for Strategic Formulation. California Management Review, Spring. 114-135

Gunawan. 2015. Pengaruh UkuraniPerusahaan, Profitabilitas, daniLeverage Terhadap Mnajemen Labaipada Perusahaan Manufaktur yang Tedaftar di Bursa Efek Indonesia (BEI). e-Jurnal S1 AK UniversitasiPendidikan Ganesha

Iwaarden. 2006. A management control perspective of quality management: An example in the automotive sector. International Journal of Quality and Reliability Management 3(1): 102-112.

Jensen and Meckling. 1976. Theory of The Firm : Management Behavior, Agency Cost ad Ownership Structure. Journal of Financial Economics. V.3, No. 4, pp. 305- 360.

Kaplan dan Norton. (1996). Balance Scorecard: Menerapkan Strategi Menjadi Aksi, Terjemahan: Pasla Yosi Peter R. Penerbit Erlangga. Jakarta.

Khan, Nighat Said.1995.Feminisme dan Relevansinya.Jakarta: Gramedia Pustaka Utama

Kuncoro, (2011). ''Metode Riset Untuk Bisnis Dan Ekonomi'' Edisi Empat, Jakarta, Erlangga

Kutsuna, Kenji., Hideo Okamura, and Marc Cowling. 2002. Ownership Structure Pre- and Post-IPOs and The Operating Performance of JASDAQ Companies. Pacific-Basin Finance Journal 10, 163 – 181.

Mahama, H. 2006. Management Control Systems, Cooperation and Performance in Strategic Supply Relationship: A Survey in the Mines. Management Accounting Research, 17 (3): 315-339

Merchant, K. A. (1985). Budgeting and The Propensity to Create Budgetary Slack. Accounting, Organizations and Society, 201-210.

Miller, J.R., & Smith, L.M. (2002). The Effects of The Level of Assurance, Accounting Firm, Capital Structures, and Bank Size on Bank Lending Decisions. Journal of Accounting, Auditing & Finance, 51-71.

Nawawi, H. (2001). Manajemen Sumber Daya Manusia untuk bisnis yang kompetitif. Gadjah Mada University Press

Senge, Peter M. 1990. The Fifth Discipline. The Art And Practice Of The Learning Organization. New York: Doubleday Currency.

Simamora, Henry.2002. Manajemen Sumber Daya Manusia. Jakarta: STIE YKPN.

Simons, R. 1995. Levers of Control: How Managers Use Innovative Control Systems to Drive Strategy Renewal. Boston. Harvard Business School Press

Widener, (2007). An Empirical Analysis of The Levers of Control Framework. Accounting, Organizations and Society, 32(7±8), 757±788.

William J Stanton, 1999, Prinsip Pemasaran, Jilid I, Edisi 7, Erlangga, Jakarta.

Wise, et al, (1998). "The Link between Corporate Social and Financial Performance: Evidance From the Banking Industry", Journal of Business Ethics, Khaver Acaemic Publishers, Printed in the Nethereands.

Young, S.M. (1985). Participative Budgeting: The Effects of Risk Aversion and Assymetric Informations on Budgetary Slack. Journal of Accounting Research 23. pp. 829-842.

Z. Dunil, Kamus Istilah Perbankan Indonesia, (Jakarta : Gramedia Pustaka Utama, 2004).