



ANALYSIS BALANCED SCORECARD IN NON-PROFIT ORGANIZATIONS TO ACCOUNTABILITY IN THE COVID PANDEMIC

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Abstract: This study examined the impact of internal control on non-profit organization performance and impact of internal control on accountability both directly and indirectly with pandemic covid as one of environmental uncertainties as a moderation variable. As a result, environmental uncertainty was examined as a moderator variable. This study analyzed 90 observations using cross-section data and primary data sources.. Internal control have an effect on organizational performance and accountability while environmental uncertainty has no effect as a moderating variable.

Keywords: Internal Control, Environmental Uncertainty, Balance Scorecard

INTRODUCTION

This research examines the impact of internal control on organizational performance with environmental uncertainty as a moderating variable. Measurement of performance evaluation of non-profit organizations is projected with a balance scorecard (BSC) for non-profit organizations. The environmental uncertainty moderating variable was chosen because of its relevance to the pandemic period. Improving organizational performance has always been a critical component of achieving the State's prosperity. Therefore, it is important to undertake a study on this organization's performance, particularly during a pandemic, which creates environmental uncertainty. In non-profit organizations, performance measurement using the Balanced Scorecard is still relatively rare. Only five of the 114 articles indexed in leading international accounting publications on the Balanced Scorecard theme report on BSC practices in developing countries, and only two studies focus on not-for-profit/non-government organizations (Hoque, 2014). Very few countries use the BSC concept for their development. Zakat Management Organization (OPZ) is a not-for-profit / non-government organization. Therefore, it is critical to conduct a study on the BSC in this Organization in order to ensure the country's growth. Additionally, according to Sofyani (2019), there is still a lack of performance evaluation studies in Zakat Management Organizations employing the BSC in 2019. As a result of the literature search conducted from 2002 to 2019, there is only one study on BSC in OPZ that has been indexed by Sinta 2 (Sofyani, 2019). This research

should be able to clarify how balanced scorecards are used in sharia-compliant non-profit organizations.

There has been no achievement of zakat potential in Indonesia, for 2019 which is realized only 4.3% of its potential, this indicates the performance of zakat management organizations is considered not optimal. The gap between the potential of a large charity and the realization of a very small charity. This phenomenon shows the low performance of zakat management organizations. This will have an impact on public demands for accountability and transparency from the Organization. These demands become a challenge for the Organization to make efforts to improve its performance.

In 2019 the performance evaluation value for Jambi Province rose to 0.68 to a good category, but dropped again to 0.51 in 2020 with a fairly good category. This is one of the effects of the pandemic Covid. In 2020, the value of 0.51 or in the category is good enough only for government organizations. This performance value is the weighting of two forming dimensions, namely macro and micro dimensions nationally. Therefore, it is necessary to evaluate organizational performance by using BSC to reach all organizations both government and private.

In the initial survey conducted, researchers found that there are many organizations that have not compiled and implemented rules and standards and the absence of internal auditors in OPZ. In addition, there are still double positions in some organization that cause control activities that have not been effective. As well as less monitoring from the government also needs to be continuously improved. Performance management and measurement systems must be developed in zakat management organizations. This is in an effort to oversee the accountability of zakat management institutions.

Moderating regression analysis (MRA) was used in this investigation. MRA is a type of technical analysis that is used to determine the strength or weakness of a relationship or the independent variable's influence on the dependent variable. This research is grounded in contingency theory. Because environmental uncertainty is a contingent factor, it acts as a moderating variable in our study. The control variable in this study is the organization's size. The log of ZIS's total employee is used to approximate the organization's size in this analysis. This study's research method employs current facts or phenomena into the underlying theory. Using research instruments, facts or phenomena are investigated and subsequently transformed into data.

LITERATURE REVIEW

The first approach to evaluating the performance of zakat management organizations, notably from a financial perspective, is to compare the rate of revenue increase. The second perspective comes from customers and it covers customers acquisition, customers retention, and customers satisfaction levels. The third perspective is the internal one, which is gained through an understanding of the scope of innovation and the operations process. The fourth perspective is the learning and growth perspective, which aims to motivate institutions to develop their resources and growth rates derived from people, organizational systems, and procedures (Kaplan and Norton, 2000), namely employee retention, employee productivity, and employee satisfaction.

Internal control is business system or social system carried out by the company consisting of an organizational structure, methods and measures to maintain and direct the company's path so that it moves in accordance with the company a goal and the programs and encourages efficients and compliance with amangement policies. A reliable and effective internal internal control system can provide the right information for good managers and the board of directors to take the rigt information and publish to achieve company goals more effectively as well. For zakat management organizations, internal control is very

necessary. Through good internal control, the community as public stakeholders of the OPZ will perceive that the OPZ has good managerial practices as well. The main objective of the internal control system is to ensure that the work program can run in accordance with the targets and targets that have been determined, and can carry out according to the concept of value of money, namely effectively, efficiently and economically and has usability (outcome). The Dimensions used to measure this concept are: control environment, risk assessment, activity control, monitoring and information and communication

Contingency theory is an organizational theory that claims that there is no best way to govern a corporation, lead an organization, or decide. On the other hand, optimal action depends on internal and external situations (Ghozali, 2020). Contingency is any variable that moderates the effect of organizational characteristics on performance. Contingency includes external and internal attributes of an organization, such as environment and strategy (Geiger, Ritchie & Marlin, 2006; Hoque, 2004; Langfield-Smith, 1997). Contingency theory explains the factors determining the effectiveness of a company. The effectiveness of the company can use a combination of non-financial and financial measures (Kaplan & Norton, 1992).

Uncertainty about the environment is described as an individual's inability to precisely forecast what will occur in his or her work environment (Milliken, 1987) This research is related to environmental uncertainty such as [Wibowo, 2006; Susilowati, 2010 ; Kartika 2010 ; Setyawati 2013; Ari et al, 2017] stated that environmental uncertainty can be a moderator of performance.

Research Framework and Model

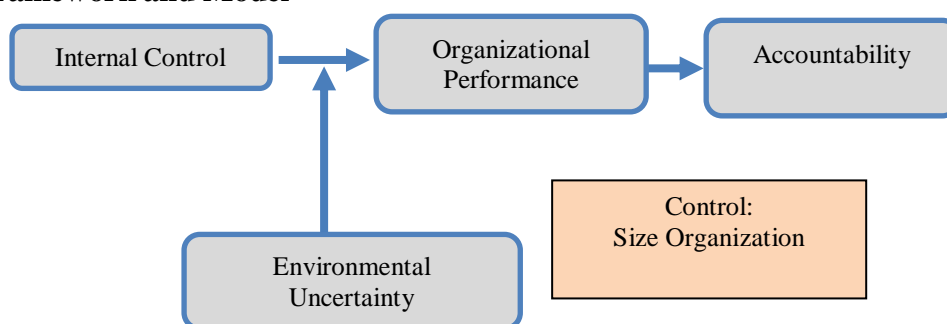


Figure 1: Theoretical framework of study

Research Hypothesis

Based on the literature review, previous research and the framework, the research hypothesis:

- H1** : Internal Control has a positive impact on organizational performance
- H2** : Internal Control Positively Impact Organizational Performance with Environmental Uncertainty as a Moderating Variable
- H3** : Internal Control has a positive impact on accountability
- H4** : Internal control positively affects accountability through the performance of organizations
- H5** : Organizational performance has a positive effect on accountability.

RESEARCH METHODS

This study employs a quantitative method, moderating regression with SEM PLS. Internal Control, environmental uncertainty, organizational performance and accountability will all be investigated. The data used in this study are cross-sectional, and they come from two sources: primary data collected directly from respondents via questionnaires and

interview materials, and secondary data collected from zakat management organizations in Jambi Province via financial data. Questionnaires were collected directly from respondents in Jambi Province in July 2021. This study examines a sample of zakat management organizations in Jambi Province using data from a survey of 90 respondents from 20 zakat management organizations in the province. The researcher used a purposive sampling method, which is a means of selecting individuals based on predefined criteria.

The Model in Moderating Regression analysis is use to test the hypothesis.

$$BSC (Y_1) = \beta_1 Int (X_1) + \beta_2 (Int* Unc)+z_1$$

$$ACC (Y_2) = \gamma_1 Y_1 + \beta_3 Int (X_1) + \beta_4 Size (X_2) + z_2$$

BSC = Performance Organization

ACC = Accountability

Int = Internal Control

Unc = Uncertainty

Size = Organization Size

$\beta_1 - \beta_4$ = Slope

z = Error Term

Variables Measurement

Operational variables are needed to determine the types, indicators, size and scale of the variables involved in the research, so that hypothesis testing with statistical tools can be carried out correctly. The following is a discussion of operational definitions that explain the variables used in this study.

Table 1. Variable Operation

No	Variable	Variable Measurement
1	Performance (BSC)	It is a measurement of organizational performance using Balance Scorecard indicators for zakat management organizations, namely (1) Financial Perspective (2) Customer Perspective (3) Internal Perspective (4) Learning and Growth Perspective [Khadijah & Afif 2019 ;Nurhayati ,dkk ,2019]
2	Accountability	Accountability is measured by using 4 dimensions, namely: financial accountability, administrative accountability, public policy accountability and program accountability (Krina, 2003) (Hamidi & suwardi 2013).
2	Internal Control	Internal Control is measured by 5 dimensions according to (Jokippi, 2009; (Hamidi & Suwardi, 2013 ; (COSO 2013 ; (Andraeny & Narulitasari, 2019) namely (1) Control Enviroment (2) Risk Assesment (3) Control Activities (4) Information & communication (5) Monitoring
3	Environmental Uncertainty	Is a moderating variable according to (Jokipii, 2010), its dimensions consist of Environmental Capacity and Volatility
4	Organization Size	Is a Control Variable, where the proxy is the log of number of employees in the organization

FINDINGS AND DISCUSSION

This study makes use of latent variables, specifically internal control, environmental uncertainty as a moderating variable, organizational size as a control variable, and organizational performance as evaluated by the Balanced Scorecard (BSC).The Smart PLS 3.0 program application is used to process inferential statistical analysis. The data processing for this study begins with a validation and reliability check of the outer model. The data validity test was conducted in conjunction with the examination of the outer model using

reflecting indicators to determine convergent validity. A convergent validity test is conducted to determine the indicators' validity. With a loading factor greater than 0.708 hair [5] the indication is declared valid. As illustrated in Figure 2, all construct indicators are valid.

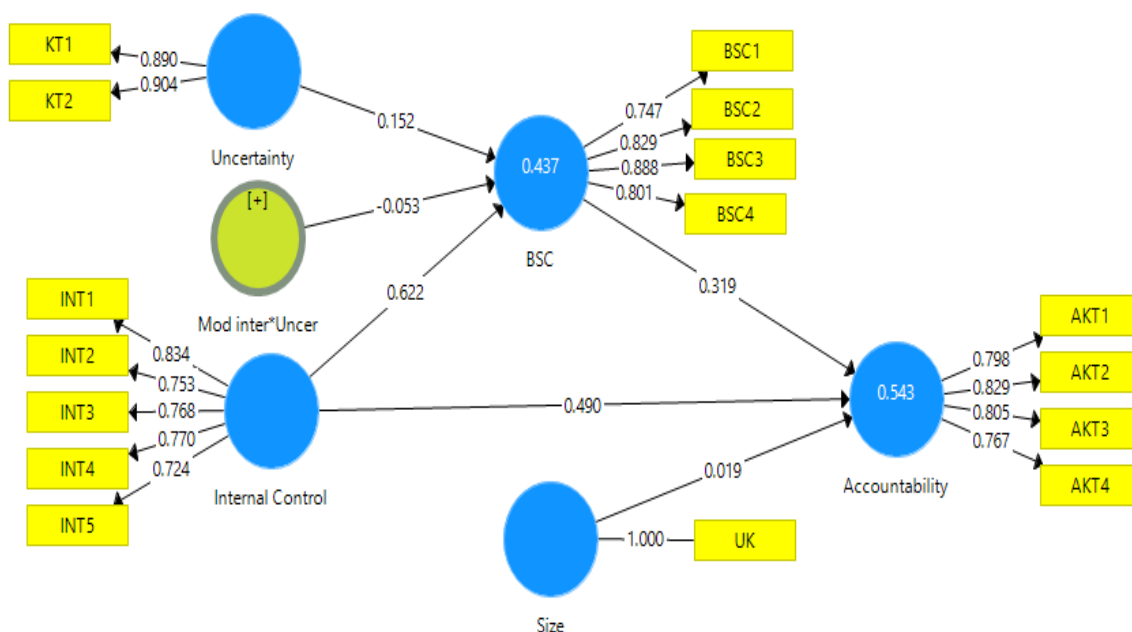


Figure 2. Outer Model

For reliability testing for differential semantic data is carried out to determine whether the questionnaire is reliable or not. The reliability test was carried out using the Average Variance Extranced (AVE) test and the composite reliability test. Composite Reliability

Table 2. Average Variance Extranced (AVE)

Variable Laten	Cronbachs Alpha	Composite Reliability	AVE	Information
Accountability (Y ₂)	0.814	0.877	0.640	Reliability
Performance (BSC) (Y ₁)	0.834	0.889	0.669	Reliability
Internal Control (X ₁)	0.829	0.879	0.594	Reliability
Moderating effect (X ₁ *X ₃)	1.000	1.000	1.000	Reliability
Size (X ₂)	1.000	1.000	1.000	Reliability
Environmental Uncertainty (X ₃)	0.757	0.892	0.804	Reliability

If the composite reliability value is greater than 0.80 and the AVE value is greater than 0.50, the construct is said to be reliable. According to table 2, all constructs are reliable. Assessing the inner model entails examining the relationship between latent constructs via the perspective of the path parameter coefficients' estimation results and their significance level. The structural model is validated by examining the R-Square value, which is a measure of the model's goodness-of-fit. The performance R Square value for BSC is 0.437. This suggests that internal control, environmental uncertainty, and the combination of internal control and environmental uncertainty all contribute 43.7% to organizational performance. While 56.3% of the variance is explained by variables unrelated to the investigation. The performance R Square value for Accountability is 0.543 This suggests that internal control,

and the combination of internal control and organizational performance all contribute 54.3 % to accountability. While 45.7 % of the variance is explained by variables unrelated to the investigation. The estimated output results are shown in Table 3. The second test is to determine the effect's significance using the parameter coefficient values and statistical significance values listed in Table 3 below:

Table 3. Path Coefficients

	Original Sample	Sample Mean	Standard Deviation	T Statistics	P Values
BSC → Accountability	0.319	0.316	0.113	2.823	0.005
Internal →Accountability	0.490	0.497	0.091	5.378	0.000
Internal → BSC	0.622	0.631	0.060	10.406	0.000
Mod_Internal*Uncer → BSC	- 0.053	- 0.058	0.090	0.592	0.554
Size → BSC	0.019	0.027	0.076	0.250	0.802
Uncertainty → BSC	0.152	0.169	0.081	1.877	0.061
Internal →BSC →Accountability	0.199	0.200	0.076	2.630	0.009

As shown in Table 3, a positive relationship exists between internal control and organizational performance, with a value of 0.622. This suggests that the stronger internal control, the larger the organizational performance, with a statistical t value of 10,406 significant (t table significance 5% = 1.96) since the value of the t statistic is more than the value of the t table 1.96. Other than that internal control has a positive effect on accountability with coefficient 0.490 and significance 0.000. However, environmental uncertainty has no effect on organizational performance with a coefficient of 0.152 . The Construct of moderating uncertainty and internal control has no an effect on performance with coefficient of (0.053) and is not significant because the value of the T statistic Count T < table 1.96.

Discussion

Based on the results of the study, hypotheses 1,3,4 and 5 are accepted and hypotheses 2 is rejected. The findings show that internal control improves organizational effectiveness. All respondents agree that information and communication are the most dominant elements in internal control in zakat management organizations. There are main components of internal control, namely environmental control, implementation procedures, risk assessment, information and communication and monitoring that positively affect performance. This is consistent with research by reference [andraeny & Narulitasari, 2019 ; Ary , dkk,2017 ; Hamidi & Suwardi 2013; Zaquet et al 2018].This accepted hypothesis 4 also shows that the better the internal control implemented , the more effective the organizational performance in preventing fraud and more accountable.

The internal control system serves as a regulator of existing resources to be able to function optimally to obtain maximum returns (gains) also with a design approach that uses the Cost Benefit principle, so that if the company has implemented an internal control system well, then the company's performance will increase as well. Therefore this research is supported by [Ming Hsien et al,2013; Ayagre et al.,2014; Hussaini, 2018; Mukhina 2015; Kinyua et al.,2015].

Environmental uncertainty does not affect the performance of zakat management organizations. Indeed , There are organizations whose income increased rapidly during the pandemic , but it is not only because of the pandemic, many factor influence. However,

because environmental uncertainty has no moderating effect, it may be inferred that environmental uncertainty has little effect on internal control and organizational performance.

CONCLUSION AND RECOMMENDATION

According to the research findings, internal control is required for organization in all sectors. This uncertainty environment during the covid period has no impact on internal control to increase organizational performance. This study demonstrates that internal control can improve organizational performance and accountability in zakat management organizations and is not weakened by the pandemic. Internal control has a positive effect on the accountability of zakat management organizations. This means that the higher / effective internal control it can increase accountability of zakat management organizations. To improve the performance of the organization in the future, it is necessary to improve the quality of zakat management through institutional aspects that can be done better by paying attention in terms of zakat collection, management, distribution and reporting so that performance will be more maximal. Appropriate programs also need to be given so that the quality of life of the poor becomes even better with the help of zakat. Future research can add innovation and strategy as moderation variables because there is still a gap between theory and the opportunity to conduct further research on the role of innovation in improving organizational performance.

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