

Influence of Good Corporate Governance, Organizational Commitment and Perception of Credit Makers in the Use of Accounting Information on the Effectiveness of Decision Making of People's Business Loans

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Abstract

The purpose of this study is to find and analyze the influence of good corporate governance, organizational commitment and perception of credit makers in the use of accounting information on the effectiveness of decision making of people's business loans of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. in Bali. This research uses saturated sampling method. Sample in this research are the Branch Head, Supporting Branch Head and Marketing Manager of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. in Bali. Data collection method used is with questionnaire and data analysis using multiple linear regression. The empirical test results prove that good corporate governance has a positive effect on the effectiveness of decision making of people's business credit. The organization commitment has positive effect on the effectiveness of decision making people's business credit. The perception of credit decision makers in the use of accounting information on the effectiveness of decision making of people's business credit. This means that the better implementation of good corporate governance, the higher organization commitment and the better the perception of credit decision makers in the use of accounting information the more appropriate the decision making of the people's business credit.

Keywords: Good Corporate Governance, Organizational Commitment, Perception of Credit Makers in the use of Accounting Information

1. Introduction

Banking is one of the sectors that play a strategic role in economic activity. The strategic role is due to the primary function of banks as a financial intermediary, ie as a vehicle to raise and channel public funds effectively and efficiently (Sabir Ali, & Habbe, 2012). One of the government programs in 2016 is to distribute KUR (People's Business Credit) to private and national banks with low interest rate of 9% per annum.

With the assistance of People's Business Credit program (KUR) for entrepreneurs of micro and small enterprises (MSEs) then there has been an increase in the income and employment opportunities for entrepreneurs of micro and small enterprises (MSEs) in the city of Makassar (Shamsuddin, 2016). The KUR program is effective in the development of micro-enterprises, where the indicators in the research are program accuracy, program dissemination, program objectives and program monitoring (Aditya, 2015). The KUR distributors are banks or non-banks financial institution approved by the Financing Policy Committee for Micro, Small and Medium Enterprises.

PT Bank Rakyat Indonesia (Limited Liability Company) Tbk is one of the largest state-owned lending banks in the micro sector in Indonesia, in 2016 the government set aside 120 trillion fund for the debtors. PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. is the bank that has the largest KUR funds disbursed by the government.

In making effective decisions, a strong foundation is needed as a reference for credit decision makers in making a decision. This is to make decisions to be effective so that they are in line with the applicable goals and regulations. Mixed scanning theory is a theory that can be used in credit decision making. This theory is a combination of the rational comprehensive theory which is indicated by good corporate governance and incremental theory as indicated by organizational commitment and perception of credit decision makers in the use of accounting information (Etzioni, 2013). Mixed scanning theory takes into account the level of decision-making ability, the greater the ability of decision-makers to analyze and implement their decisions, the greater and more comprehensive the observations made the more effective the decision-making.

The decision to grant People's Business Loans disbursed by the government in 2016 has different characteristics than other commercial loans. A debtor candidate with a total loan amount of less than Rp 250,000,000 is allowed to not complete the Trade Business License (SIUP) and Company Registration Certificate (TDP), but only need to complete a Business License (SKU) from the local village. With these easy requirements, it is interesting to examine whether good corporate governance, organizational commitment, and credit decision makers' perceptions in the use of accounting information affect the decision of People's Business Loans at PT Bank Rakyat (Limited Liability Company) Tbk.

2. Theoretical Foundation

2.1 Mixed Scanning Theory

The theory that underlies this research is Mixed scanning theory i.e. the approach between rational decision and incrementalism, of which rationalism consider the wider scope in decision making while incrementalism consider more specific factors.

This theory is the development of the previous theory of decision-making i.e. the rational comprehensive theory and incremental theory. The rational comprehensive theory emphasizes that decision makers are faced with a problem that has a broader and more comprehensive scope so that many aspects must be considered in decision making. Incremental theory reflects a different theory of decision-making compared to the rational comprehensive theory, where incremental theory has a more specialized scope. Decision-makers are deemed only to consider some alternatives that are directly related to the subject matter. Incremental decisions are made but in the context governed by fundamental decisions.

In this study, the credit decision-makers perform scanning on aspects of good corporate governance, organizational commitment and the perception of credit decision-makers in the use of accounting information, i.e. the three aspects are influential in the decision-making of the People's Business Loans.

2.2 Good Corporate Governance

Good corporate governance is definitively a system that regulates and controls companies that create added value for all stakeholders (Monks, 2003). According to the Forum for Corporate Governance in Indonesia (FCGI) good corporate governance as a set of rules that establishes relationships between shareholders, managers, creditor, government, employees and other internal and external shareholders in respect of their rights and obligations, or in other words, a system that directs and controls the company.

2.3 Organizational Commitment

Organizational commitment is a situation in which an employee is committed to the goals of the organization and has a desire to maintain membership in the organization (Robbins, 2013).

Meyer and Allen (1990) suggest that organizational commitment has three aspects namely, affective attachment, perceived cost factors and liability factors:

1) Affective Commitment

Furthermore, this affective attachment is referred to as affective commitment. Affective commitment is a strong belief attitude of the individual to the organization, accepting organizational goals, willingness to use efforts for the interests of organization and a strong desire to maintain membership of the organization (Jackson, Joshi, & Erhardt, 2003).

2) Sustainability Commitment

Sustainability commitment is a situation where an employee continues to be in the organization because of the cost considerations he / she feels if he / she quits working for the organization.

3) Normative Commitment

Normative commitment is a reflection of the compulsory feeling of workers to stay within the organization. This obligation is accumulated through their commitment to the values and culture of the organization.

2.4 Perceptions of credit decision makers in the use of accounting information

Perception is a process undertaken by the individual to organize and interpret his or her views in order to give meaning to the surrounding environment (Stephen P. Robbins, 2001).

According to the Financial Accounting Standards Board (FASB, 1978), financial statements are the main way for a company to deliver accounting information to outside parties. The information conveyed in accounting is the financial information of a company that the user can use for economic decision-making. Accounting information users are interested parties to such companies, such as business owners, suppliers, investors and creditors, management, capital market managers, governments, employees and other members of the public with an interest in the company (IAI, 1984).

The main purpose of evaluation of accounting data (financial condition) of prospective debtors is to obtain an overview of the development trend of financial condition in recent years, as well as the prospect of financial liquidity during the future credit agreement period. A healthy financial condition in the past is a good starting point for the company's future financial health prospects.

2.5 The decision to grant people's business loans in PT Bank Rakyat Indonesia (Limited Liability Company) Tbk

Based on the Regulation of the Minister of Economy Affairs of the Republic of Indonesia No. 8 of 2015 concerning Guidelines for the Implementation of People's Business Loan, the People's Business Loan, hereinafter abbreviated as KUR, is credit / working capital financing and / or investment to productive and viable business debtors but has no additional collateral; not enough additional collateral.

In credit analysis, one of the components of the appraiser is 5C credits, ie characteristic analysis, capacity analysis, capital analysis, condition analysis or business prospect, and collateral analysis.

In addition to using the 5C principle, the banks will also consider some aspects that affect the provision of credit (Sutarno, 2009) including Legal aspects, Marketing aspects, technical aspects, Management aspects, Socioeconomic aspects.

3. Data and Method

This study aims to determine the influence of good corporate governance, organizational commitment and perceptions of credit decision makers in the use of accounting information on the effectiveness of decision making credit business people of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. This study uses primary data, i.e. research data collected by using questionnaire techniques filled by research subjects, including identity and subject responses. Based on the background, the formulation of the problem and the hypothesis proposed, there are 3 (three) independent variables analyzed namely good corporate governance, organizational commitment, and perception of the credit decision makers in the use of accounting information. The dependent variable in this research is the effectiveness of people's business loan decision making. The test of this research is done by multiple linear regression analysis, before the regression analysis is done, the researcher first takes the classical assumption tests that consist of normality test, multicollinearity, and heteroscedasticity. The result of the regression test will be the basis for conclusion.

The study was conducted on 12 Branch Offices and 17 Sub-Branch Offices of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. in Bali. The research took place in 2017. The technique of determining the sample used in this study is saturated sampling or census method. This method is used when all members of the population are used as a sample (Sugiyono, 2012). The samples in this research are Branch Head, Branch Head and Marketing Manager of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. in Bali, where the sample in this study consists of 12 Branch Heads, 17 Branch Heads and 29 Marketing Managers.

This research uses independent variable (X) and dependent variable (Y). independent variables consisting of good corporate governance (X1), organizational commitment (X2) and perceptions of credit decision makers in the use of accounting information (X3). While the dependent variable is the effectiveness of people's business loan decision (Y).

4. Conceptual Framework

This research is conducted to show the influence of independent variable to dependent variable. Based on the above theoretical framework, it can be described the concept of symmetric research. The concept of research is the logical relationship of the theoretical basis and empirical studies described earlier. The concept of research in Figure 3.2 explains that good corporate governance, organizational commitment and perceptions of credit decision makers in the use of accounting information affect the effectiveness of credit decision making business people. Good corporate governance is reflected in the rational comprehensive theory, organizational commitment and perceptions of credit decision makers in the use of accounting information reflected in incremental theory.

4.1 Research Hypothesis

- H1: Good corporate governance has a positive effect on the effectiveness of decision making of people's business loan of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk.
- H2: Organizational commitment has a positive effect on the effectiveness of decision making of People's Business Loans of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk.
- H3: Perceptions of credit decision makers in the use of accounting information have a positive effect on the effectiveness of decision making of People's Business Loans.

5. Research Method

The study was conducted on 12 Branch Offices and 17 Sub-Branch Offices of PT Bank Rakyat Indonesia Persero Tbk. in Bali. The research was in 2017. The scope of this research is good corporate governance, organizational commitment, and perception of credit decision makers in the use of accounting information on the effectiveness of credit decision making business people. The data used in this study can be classified as quantitative data collected using questionnaire method. The technique of determining the sample is by using saturated sampling or census method. This method is used when all members of the population are used as a sample (Sugiyono, 2012).

5.1 Classical assumption test

Deviation of classical assumptions and fulfillment of assumptions in multiple regression models. The classical assumption tests conducted in this research are normality, multicollinearity and heteroscedasticity tests. These

tests are performed to obtain a definite regression model and have the ability to predict in decision making.

1) Normality test

A good regression model is to have a normally distributed residual value. Normality test was performed using Kolmogorov-Smirnov (K-S) test. A data is said to have a normal distribution if the value of significance or Asymp sig (2-tailed) value of the Kolmogorov-Smirnov value is greater than 0.05 (Ghozali, 2013: 164).

2) Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation among independent variables. In this study to detect the presence or absence of multicollinearity by analyzing correlation matrix between independent variables and calculation of tolerance value and Variance Inflation Factor (VIF).

3) Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is a variance inequality of the residual one observation to another observation. Heteroskedasticity test in this study was done by glejser test.

5.2 Multiple linear regression analysis

The statistic method used in this study is multiple linear regression using SPSS program aid, and the regression results are presented in Table 5.1.

Table 5.1 Result of multiple linear regression

Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	0,244	0,713		0,342	0,734
Good Corporate Governance	0,406	0,007	0,735	56,626	0,000
Organizational Commitment	0,495	0,009	0,709	54,291	0,000
Perception of Credit Decision Makers	0,386	0,011	0,448	34,947	0,000
2 Fhitung	2054,198				
Sig	0,000				
3 R ²	0,802				
Adjusted R ²	0,799				

Based on multiple linear regression analysis in Table 5.1, it can be summarized the regression equation model from the influence of good corporate governance variable, organizational commitment and perception of credit decision makers in the use of accounting information on decision making of people's business loan as follows:

$$Y = a + b_1 X_1 + b_2 X_2 + b_3 X_3$$

$$Y = 0.244 + 0.406 X_1 + 0.495 X_2 + 0.386 X_3$$

A functional structure made up of holons is called holarchy. The holons, in coordination with the local environment, function as autonomous wholes in supra-ordination to their parts, while as dependent parts in subordination to their higher level controllers. When setting up the WOZIP, holonic attributes such as autonomy and cooperation must have been integrated into its relevant components. The computational scheme for WOZIP is novel as it makes use of several manufacturing parameters: utilisation, disturbance, and idleness. These variables were at first separately forecasted by means of exponential smoothing, and then conjointly formulated with two constant parameters, namely the number of machines and their maximum utilisation. As validated through mock-up data analysis, the practicability of WOZIP is encouraging and promising.

Suggested future works include developing a software package to facilitate the WOZIP data input and conversion processes, exploring the use of WOZIP in the other forms of labour-intensive manufacturing (e.g. flow-line production and work-cell assembly), and attaching a costing framework to determine the specific cost of each resource or to help minimise the aggregate cost of production.

6. Finding and Conclusion

6.1 The influence of good corporate governance on the effectiveness of decision making of people's business loans

The empirical test results prove that good corporate governance has a positive effect on the effectiveness of decision making of people's business credit. This means that the better the implementation of good corporate governance the better the decision making of the loans (Quintao, 2011).

Good corporate governance has two things to note. Is the rules or system of governance already existed

clearly, completely, and in writing. Are clear rules and systems implemented consistently or not. Both of these things determine whether there is good corporate governance in a banking industry. Circular Letter of Bank Indonesia (SEBI) no. 9/12 / DPNP sets out the general rules that must be obeyed by banks regarding good corporate governance, among others, banking must always be based on the first five basic principles namely transparency, accountability, responsibility, independency, fairness. PT Bank Rakyat Indonesia (Persero) Tbk. has implemented the five principles of good corporate governance in all banking activities. The principle of transparency is reflected in the decision making by management that is done openly, clear objectives and the dissemination of information is done on time and efficiently. This means that in decision-making the decision makers have publicly disclosed the decision. The principle of accountability is reflected in the suitability of healthy bank management, whereby every shareholder's rights are respected, the company obeys in performing its obligations and always maintains the environment around the company through a credit policy that supports the preservation of natural resources, in this case indicated by prudence in lending. The principle of independence is reflected in the management of PT Bank Rakyat Indonesia (Persero) Tbk. which is free from the influence of other parties as well as banking activities that are in compliance with prevailing laws and regulations. The results of this study are in line with mixed scanning theory, this theory is a theory that can be used in credit decision making, where this theory is a combination of the rational comprehensive theory which is indicated by good corporate governance.

6.2 The influence of organizational commitment on the effectiveness of decision making of people's business loan
The empirical test results proved that organizational commitment has a positive effect on the effectiveness of decision making of people's business credit. This means that the higher the commitment of the organization, the more appropriate the decision making of people's business credit. Meyer and Allen (1997) suggests that organizational commitment is characteristic of the relationship between members of the organization with the organization and has an impact on an individual's decision to continue its membership in the organization. The results of research for affective commitment show that decision makers have a high affective commitment to the company so that in performing their duties is done with a sense of ownership and responsibility, especially in making credit decisions. The results of research for ongoing commitments showed that decision makers have a high degree of ongoing commitment to the company shown by the perceived cost considerations if they quit working with the organization. The results of the study for normative commitment showed that credit decision makers have a moral obligation to keep working in organizations and remain faithful in value, and are loyal to the company. The results of this study are in line with the mixed scanning theory in which this theory is shown in the incremental theory; this theory has a more specialized scope in decision-making.

6.3 The influence of the perception of credit decision makers in the use of accounting information on the effectiveness of decision making of people's business loans
The empirical test results proved that the perception of credit decision makers in the use of accounting information has a positive effect on the effectiveness of decision making of people's business credit. This means that the better the perception of credit decision makers in the use of accounting information, the more appropriate the decision making of people's business credit. In credit decision making, the financial aspect must be considered because the credit decision maker must perform the analysis of the debtor's financial statements. The purpose of the analysis is to determine the ability of prospective borrowers in fulfilling the obligations of repayment of loans and interest on time. The results of this study are in line with the mixed scanning theory in which this theory is shown in incremental theory, it has a more specific scope in decision making. Perceptions of credit decision makers in the use of accounting information is a special aspect because it has a narrower scope that is directly related to people's business credit decision made by PT Bank Rakyat Indonesia (Limited Liability Company) Tbk.

Based on the discussion of research results from the previous chapter, it can be concluded as follows:

1. Good corporate governance has a positive effect on the effectiveness of decision making of people's business credit PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. This means the better the implementation of good corporate governance the more effective the credit decision-making.
2. Organizational commitment has a positive effect on the effectiveness of decision making of people's business credit of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. This means that the higher the level of organizational commitment of credit decision makers, the more appropriate the credit decision.

Perceptions of credit decision makers in the use of accounting information have a positive effect on the effectiveness of decision making of people's business credit PT Bank Rakyat Indonesia (Limited Liability Company) Tbk. This shows that the use of accounting information is very important in making credit decisions, credit decision makers will consider any accounting information of debtors in credit decision making.

7. Recommendation

With the various analyzes that researcher have undertaken, and based on the limitations of this study, some suggestions can be given as follows:

1. Banking is expected to be consistent and always conduct an evaluation in the implementation of good corporate governance, especially in accountability in the surrounding banking environment, because one of the functions of the people's business loan is to distribute capital for the people's business.
2. Credit decision makers are expected to maintain organizational commitment and be able to analyze the financial statements in decision making of people's business loans of PT Bank Rakyat Indonesia (Limited Liability Company) Tbk.
3. Further research needs to consider non-accounting information in the perception of credit decision makers in independent variables because as time passes, credit decisions are not only influenced by accounting information alone but non-accounting information also needs to be taken into account.

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