



## PERFORMANCE AUDIT PERCEIVED CONCEPT AND ROLE EXPECTATION: IS IT CONFORMITY OR CONFLICT?

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### ABSTRACT

*Extant accounting literature has broadly investigated expectation gaps in audit context. Previous research reveals the existence of conflict which refers to role concepts whether in the expectation of auditor role, response to audit output, or understanding of auditee's business process. Meanwhile, observation from an internal organization's point of view is still limited whereas the urgency of evaluating performance and maintaining organizational excellence are escalating. Examining performance audit in service organization, this study qualitatively observed perception and expectation of stakeholders on performance audit concept using role theory framework. Role theory posits some propositions in relation to patterns of behavior to which individuals can be in conformity or can be in conflict in terms of compatibility to expectation of others. A structured interview with a participant's observer is performed in this study to investigate key stakeholders in the organization. Interesting result emerges which shows the existence of practicality concepts instead of conformity. In addition, expectation of such impact from performance evaluation is equally the same among different stakeholders except on the perceived quantity measure. Important implication of this study result is further discussed.*

**Keywords:** Performance Audit, Role Theory, Stakeholder, Conformity, Practicality.

**JEL Codes:** M10, M40, M41.

### 1. INTRODUCTION

Previous research related to auditing and governance shows that there are several important issues from several discussions and perspectives on the dynamics of performance audits carried out by authorized audit institutions (Pratama, 2019). Meanwhile, the research results also confirm the ambiguity of the auditor's role that arises from the expectations that tend to be contradictory from the stakeholders (Khelil & Khlif, 2020).

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#### **Makale Geçmişi/Article History**

Başvuru Tarihi / Date of Application : 17 Mart / March 2022  
Düzeltilme Tarihi / Revision Date : 20 Temmuz / July 2022  
Kabul Tarihi / Acceptance Date : 08 Ağustos / August 2022



The Covid-19 pandemic has had an impact on the economic crisis. Prevention of the spread of Covid-19 is performed by social distancing, work from home, and limiting activities. This can have an impact on economic conditions in various countries. Companies as economic actors must have strategic responses and appropriate corporate actions so that the company is able to survive for its business continuity. The role of internal auditors in this condition is needed to help organizations get through crises and gain opportunities by maintaining good governance (Santosa, 2020).

The emergence of Covid-19 has affected the whole order of life, and this has prompted changes in life. Companies must deal with the impact of Covid-19 which threatens the sustainability of their business. So, it is important that there is urgency to evaluate the performance of an organization. Performance audits need to be considered because the uncertainty conditions in the business environment will always exist. For example, current conditions, such as the occurrence of a pandemic, are conditions of uncertainty that the company must deal with.

If at some point the pandemic has ended, organizations will always deal with related conditions, problems, and uncertainties in the future. Differences in perspective among stakeholders regarding the benefits of performance auditing are also an issue that can trigger controversy in the future. In the future, there will be changes in the role of auditors that can cause debates related to independence (Gendron, Cooper, & Townley, 2001), the benefits and implications of performance audit results have not yet been felt (Morin, 2014), there are different perspectives about audit results among auditors and auditees (Lindeberg, 2007). The company should be prepared for upcoming uncertainties. Therefore, organizational performance must always be monitored, so it is important to conduct a performance audit.

In previous studies concerning performance audit, method of research tend to be based on quantitative analysis using survey. Some examples of quantitative research are those conducted by Tolo (2018) and research conducted by Sari and Widyastuti (2018). The results of research using quantitative methods, cannot explore further comprehension of the differences perceived among stakeholders of the concept of performance audit, how do stakeholders expect the benefits of performance audits in service sector organization, and how do stakeholders view the performance measurement criteria that can be used. Results of the research, therefore, have not been sufficiently explained how auditors and clients understand their roles, the emergence of different perceptions, and how different perceptions can affect the performance of the organization being audited.

A study of perceived auditors and auditees perception regarding performance audits with a qualitative approach was conducted by Pratama (2019). Pratama's research (2019) was conducted on public sector organization, thus providing relatively limited results. This study does not only focus on the perceptions of auditor and auditee. Instead, the study broadened the focus on the perceptions of stakeholders in service organizations. While previous studies focus more on external parties specifically on auditor, this research observed the area which is still under-explored, that is the internal context of



the organization. Additionally, stakeholder perceptions are important in this context since it can lead to discussion of auditor's role expectations.

This study explored the issue more from the perspective of stakeholders, by obtaining relevant information from internal organizational parties with and specific contexts, using qualitative approach. The argument lies on the expectation that Different results which may occur from conducting an observation in specific service organization. Extant research regarding performance audit which specifically explore the context of service organization is still limited. Since service sector plays important role in the industry and recent business environment had been exposed by pandemic impact, thorough review of organization's performance is needed. Information related to performance becomes a picture for stakeholders regarding all management actions and also becomes a signal of management's ineffectiveness.

Accounting and management literature shows that, there is still an expectation gap in the audit context. Previous research (Pratama, 2019) which examined the expectation gap research between auditors and auditees revealed showed the results that there is a difference in perception causing a conflict which referred to the expectations of the role of an auditor as viewed by the auditee. Role theory is an important approach to describe the responsibilities of each stakeholder (Biddle, 1986). In role theory, there are four concepts, namely consensus, conformity, role conflict, and role taking (Biddle, 1986). In this study, stakeholder expectations refer to the concept of conformity. Meanwhile, in previous research (Pratama, 2019) the expectations of auditors and auditees refer to the concept of role conflict.

Based on the discussion above, the formulation of the main problem in this study is "How are the perceptions of stakeholders in viewing the benefits of performance audits as an effort to improve the performance of service sector organization". Furthermore, the formulation of the main problem is outlined in three questions: First, how do stakeholders perceive the concept of performance audit? Second, how do stakeholders expect the benefits of performance audits in service sector organization? Third, how do stakeholders view the performance measurement criteria that can be used?

This study will explore the perceptions and expectations of stakeholders on the concept of performance audit using the role theory framework. This research is important because it will expand the scope of research in performance audit and in service organization context. Perceptions and expectations are not only observed from auditors and auditees point of view but also from internal organization's stakeholders. This study will observe the framework of role theory because role theory will lead to the broad discussion of expectation's concept. Further, research in specific contexts will provide broader information of stakeholder perceptions and expectations.

## **2. LITERATURE REVIEW**

Performance audit is defined as an evaluation of management, organizational functions, and organizational performance related to (3E) economy, efficiency and effectiveness of operational areas,



activities, and results (Hatherly & Parker, 1988). The purpose of a performance audit is to provide an opinion to users of information related to economy, efficiency, and effectiveness in the scope of revenue, expenditure, and resource management. Performance audit will help companies to identify ways to improve 3E. Performance audit also will help auditee to take important decisions to improve the company's management systems and controls.

To analyze the perceptions of the stakeholder, this study uses a Typology of Strategic Responses to Organizational Change (Oliver, 1991). In Typology of Strategic Responses to Organizational Change (Oliver, 1991) there are five types of strategies and tactics used by stakeholders to respond to an institutional process in viewing the results of performance evaluations, namely acquiesce, compromise, avoid, defy, and manipulate.

Role theory can broadly describe the work responsibilities of each side (Biddle, 1986). Thus, role theory is used to analyze stakeholder perceptions of performance audits and analyze stakeholder perceptions of management's role. Role theory is one of the most important features of social life, characteristic of behavior or roles (Biddle, 1986). It describes roles by assuming that people are members of social positions and hold expectations for their own behavior and expectations of behavior of others. Most role research on role theory reviews four concepts: consensus, conformity, role conflict, and role taking.

In this study, it is important to obtain the understanding of performance measure tool. Performance measure in this study used the Malcolm Baldrige Criteria for Performance Excellence (MBCfPE). MBCfPE can be used as a measure to improve performance. MBCfPE is a method to improve overall organizational performance continuously by using measurement and providing feedback related to overall organizational performance in providing quality products and services (Utami, 2014). MBCfPE consists of 7 criteria called the performance excellence criteria, namely Leadership, Strategy, Customers, Measurement, Analysis, and Knowledge Management, Workforce, Operations, Results. The MBCfPE model already has international standards because MBCfPE is able to assist all types of organizations in measuring their organizational performance. Performance measurement with Malcolm Baldrige can measure performance from the leadership level to the level of employees and also customers (Sugesti & Anggraeni, 2020).

### **3. METHODOLOGY**

This study aims to determine the perception of stakeholders in viewing the benefits of performance audits as an effort to improve the performance of service organizations. In order to gain a comprehension of the specific context in service companies related to the perception gap, the research was carried out using qualitative methods, so that data collection was carried out by interview. To examine stakeholder views on the concept of performance audit, stakeholder expectations of the benefits

of performance audit, and stakeholder views on performance measurement criteria. Therefore a service company was selected for the research site.

The object of the research was carried out on companies engaged in service providers in Berbah District, Sleman Regency, Special Region of Yogyakarta. The research site is a company that is a manifestation of the cooperative employee from holding company as the development of a new business unit in the field of service organization. The types of services provided by the research site area catering and managing afval products.

Qualitative methods are used because the object of research is specific to service companies. To achieve the research objectives, this research uses stakeholder perceptions of specific service companies. Based on the framework (Burrell & Morgan, 1979) in relation to the theoretical framework and research objectives, this study adopts an interpretive paradigm, as part of subjective social science research. This can be analyzed independently in a specific context, so this study uses a qualitative approach. The seven interviewees in this research are represented in Table 1.

**Table 1. Profile of the Interviewees**

No	Interviewee code	Level	Gender	Duration
1	K1	Human Resource	Men	48 minutes 4 seconds
2	K2a	Finance	Men	57 minutes 7 seconds
3	K2b	Finance	Woman	27 minutes 34 seconds
4	K3	PIC Catering	Woman	1 hour 8 minutes 21 seconds
5	K4	Director	Men	1 jam 33 minutes 21 seconds
6	K5	Health and Safety Executive	Men	8 minutes 23 seconds
7	PS1	Commissioner Investor	Men	19 minutes 54 seconds

**Note:** Interviewee code is made up from their position and followed by office.

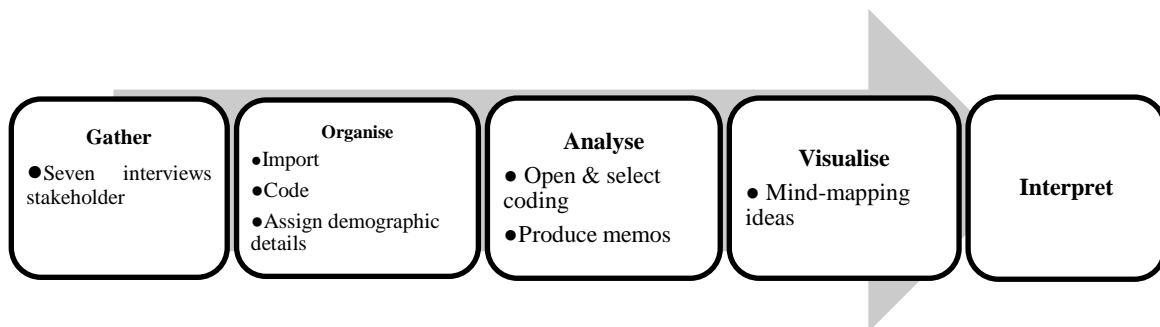
The theory that forms the research framework is the concept of performance audit, typology of strategic response (Oliver, 1991), and role theory (Biddle, 1986). This research was conducted in a service company whose main activity is to sell and offer its products in the form of services. In service companies, the problem that often appears is how the company can provide the best service. The best services provided by the company are to comply with requests and orders with high service quality standards, fast and precise delivery times to meet customers orders. The best service will affect customer satisfaction.

Information related to the company's performance review can be an illustration of all decisions that are made by management. This needs to be known as an evaluation for companies that prioritize customer satisfaction. Companies must be able to provide the best service for customers. By knowing the existence of less effective performance the company can make performance improvements, so that in the future the company is able to provide the best service.

The data analysis technique in this qualitative research uses the concept (Miles & Huberman, 1994) which consists of four stages, namely data collection, data reduction, data display and conclusion drawing. Data collection in this study was carried out by conducting participant observation and semi-structured interviews. Participant observation is when the researcher becomes a part of the research site. Participant observation helps researchers to know about the company's activity business and also key stakeholders of the company.

In this semi-structured interview, the researcher has several questions with certain topics of research questions, but the interviewee has the freedom to answer questions. Data reduction in this study was carried out by organizing the data, sorting the data needed and data not needed and transforming the rough data that appeared in the written records in the field. The display of data is done by means of a set of data arranged, so as to allow drawing conclusions and taking action. At the stage of drawing conclusions is done continuously by researchers. Starting from data collection, the researcher began to write regular patterns. The research method is represented in Figure 1.

**Figure 1. Process of Codification of the Interviews**



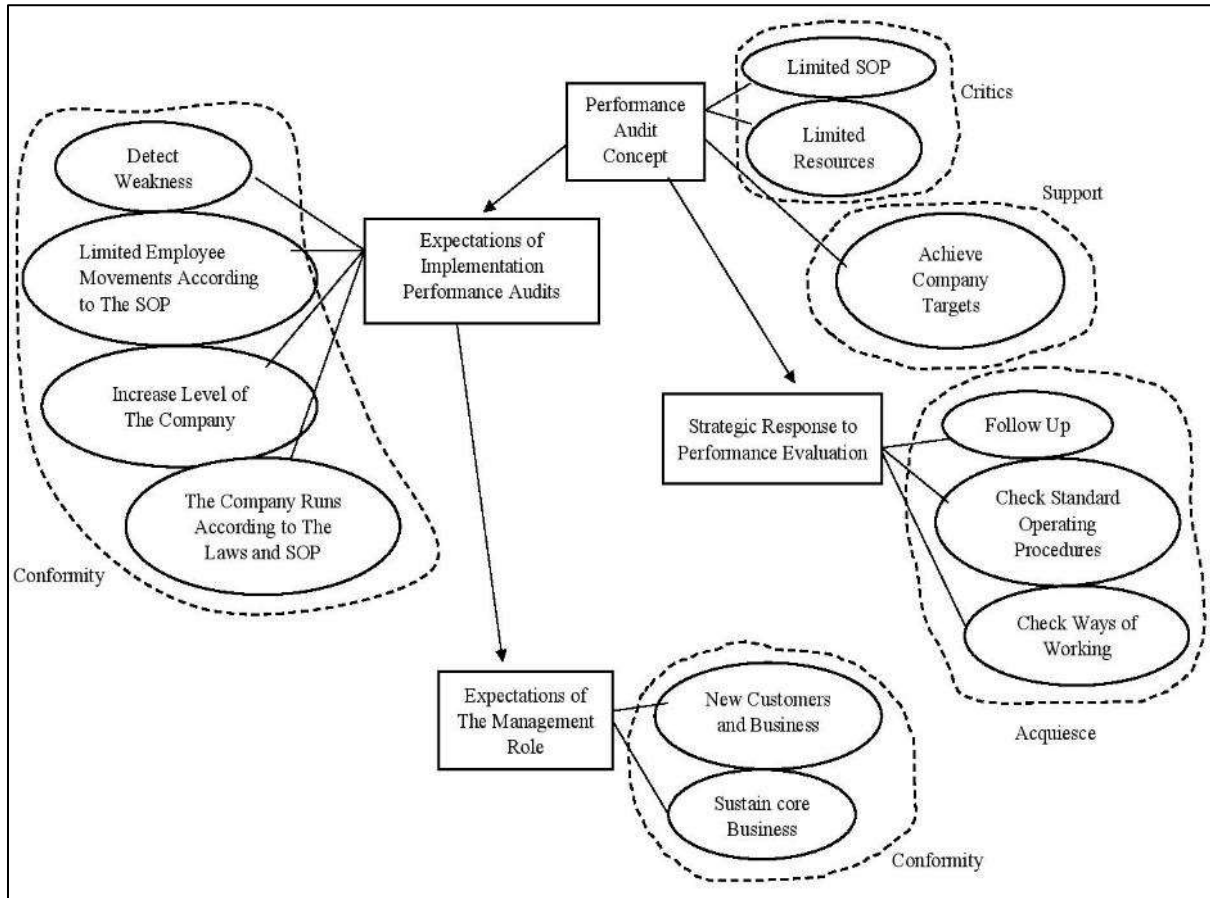
Adapted from Pietkeiwicz (2013). Source: <http://download.qsrinternational.com/Document/Website/I-Pietkeiwicz-From-Project-to-Publication-thanatology.pdf>, accessed on 1st January 2022.

#### **4. RESULTS**

The findings of the data analysis process are described in codes, categories, and themes. Themes that are shown in figure 2. are formed based on the research question. The results are shown below.



**Figure 2. Individual Response to Performance Audit Concept: Themes And Emerging Categories From Interviews**



The results of the interview analysis can be seen in figure 2. Each theme found is based on the research question. In the analysis of the first research question “How do stakeholders view the concept of performance audit” in the first research question codes, categories and themes were found from interview transcripts. The results of the interview transcripts show that the views of stakeholders on the concept of performance audit are divided into two views, namely the view of support and the view of criticism. The view of support from stakeholders, states that performance audits can assist stakeholders in achieving company targets. By evaluating the company's performance, it will improve performance, and assist stakeholders in making decisions, it is hoped that the company's performance will also increase. This can be seen from the interviews with K1 and K3:

“...Performance audits are expected to really help assess the potential to achieve company targets...” (Translated into English. Interview was held on September 23, 2021 with interviewee K1).

“... if it hasn't been audited, we are still in the red or yellow category for coloring. To reach the green level, it can be done in stages and later we might be able to help better in the future to achieve the company's targets...” (Translated into English. Interview was held on September 29, 2021 with interviewee K1).



Meanwhile, the view of stakeholder criticism states that for the implementation of a performance audit it is necessary to form a special team such as an internal auditor. The implementation of a performance audit also requires a standard operating procedure that becomes a reference in assessing the company's performance. If the company implements the performance audit nowadays, the company is not ready because the company's resources are still limited. The concept that appears in this research is practicality. This statement is supported in interviews as follows:

*"...There are many standard operating procedures that have not been established here so that the performance audit cannot be implemented nowadays..."* (Translated into English. Interview was held on 27 September 2021 with interviewee K2).

*"...For a service organization, it is necessary to form a team of internal auditors. This company so far has not formed an auditor team and also the company's resources have not supported it..."* (Translated into English. Interview was held on September 23, 2021 with interviewee K4).

In addition, the results of the interview transcripts show new findings that can be explored further. The results of the interview transcripts show that so far the research site has carried out performance evaluations. This research is related to company performance, so that the evaluation of company performance can be explored further by using the typology of strategic responses to organizational change (Oliver, 1991). Typology of strategic responses (Oliver, 1991) is used to analyze how the organization responds to the results of performance evaluations so that these responses can be used as a representation of stakeholder perceptions of performance evaluations.

The main focus of evaluation is to establish and develop a program or target. Based on figure 2, it shows that the response of stakeholders to the performance evaluation is to follow up on the results of the performance evaluation. If it is connected with the theory of five strategic response typologies (Oliver, 1991), the stakeholder response to the results of the performance evaluation is acquiesce. This is supported by the stakeholder follow-up of the results of the performance evaluation and also monitoring it, so that the same complaint does not occur and employee performance can increase. This was revealed in interviews conducted by K2a and K4:

*"...Still follow up according to each employee that needs to be improved, evaluate what performance needs to be improved. So that the employee can be motivated to work better..."* (Translated into English. Interview was held on October 13, 2021 with interviewee K2a).

*"...So, closing and then we will see if the company's target is achieved or not. Then we will see how the evaluation results, the company's target is achieved or not. Then, we'll see what evaluation should be followed up..."* (Translated into English. The interview was held on October 18, 2021 with interviewee K4).

If the results of performance evaluation show unsatisfactory performance, it could indicate standard operating procedures and ways of working are not compatible with the company's purpose,





unsatisfactory performance not always caused by employees. This was stated by the interviewee shareholder representative as follows:

*“If the company's target is not achieved, it is not looking for whose fault. But it could be the way of working that is presented does not support the company target. So, maybe employees really need help. So the first thing to do is check the standard operating procedure (SOP), check the Ways of Working (WOW). Whether employees have done WOW correctly or this WOW does not support the company targets.”* (Translated into English. Interview was held on October 26, 2021 with interviewee PS1).

Stakeholder perception is important because it can raise role expectations, so the second research question “How do stakeholders expect the benefits of performance audits in service sector organization?” in this theme explores stakeholder expectations on performance audits. This second research question uses role theory (Biddle, 1986) which consists of four concepts, namely consensus, conformity, role conflict, and role taking. In the results of this study, figure 2. explains that stakeholder expectations of performance audits show the concept of conformity. Stakeholders' expectations of performance audits are that performance audits are capable of detecting company weaknesses so that companies can maximize the effectiveness and efficiency of their resources. This can help companies survive in conditions of uncertainty such as the current post-pandemic. This was disclosed by interviewee K1 as follows:

*“...Hopefully we can detect weaknesses that can be improved...”* (Translated into English. Interview was held on September 23, 2021 with interviewee K1).

Performance audit as an instrument to check and ensure the activities of an organization run according to the Standard Operating Procedure (SOP). If the performance audit is based on standard operating procedure, it can help determine the level of economy, efficiency and effectiveness of the company's activities (Syarief, 2017). Stakeholder perspectives K1 and K2a state that performance audits are considered to be able to improve company performance based on the standard operating procedure that is implemented on the company. This was revealed in the interview as follows:

*“...detecting the possibility of disorder, disobedience or leakage of company secrets...”* (Translated into English. Interview was conducted on September 23, 2021 with interviewee K1).

*“...if it is assessed it will be 80 out of 100 because the quality of the products produced by employees will be in accordance with what is regulated in their daily work, so that employees have limitations that must be done, and do not develop according to each employee's own mind. If there is a performance audit, then the movement of employees is limited according to the standard operating procedure (SOP) applied by the company...”* (Translated into English. Interview was held on September 23, 2021 with interviewee K2a).



Stakeholder expectations of performance audits also show that performance audits can provide progress and added value to the company by raising the company's level. This was revealed in the interview as follows:

*"...the performance audit is positive for the company's progress..."* (Translated into English. Interview was held on September 23, 2021 with interviewee K2a).

*"...The more performance assessment carried out by the auditors it will increase the level of the company. So, for example, the company's performance is at level 5 then it will increase to level 4, the next year it will increase again until it reaches 100% green. If it hasn't been audited, our colors are still in the red or yellow category..."* (Translated into English. Interview was held on September 29, 2021 with interviewee K3).

*"...of course we want them to find out what we have to fix so that we hope that in the future we can be better..."* (Translated into English. Interview was held on September 23, 2021 with interviewee K4).

Performance audits aim to assist companies, especially management, in evaluating and supporting the achievement of company targets economically, efficiently, and effectively. In addition, the performance audit can provide an opinion for the company's decision making to continue to comply with the law and standard operating procedure (SOP). This was revealed in the interview with interviewee PS1 as follows:

*"...Ensure the company runs according to regulations and has values and morals. Performance is how the team achieves the company's targets. That's what needs to be checked. It doesn't violate the law and the standard operating procedure (SOP)..."* (Translated into English. Interview was held on October 26, 2021 with interviewee PS1).

In this study, the theme of stakeholder expectations on performance audits revealed was found that the expectations of each stakeholder showed similar expectations for performance audits so that the concept of role theory (Biddle, 1986) that emerged from this study was conformity.

The high demands of company performance make management have an important role in every company decision making. In the second research question, there is information that can be explored further using role theory (Biddle, 1986). Researcher exploring stakeholder expectations of the role of management. The results of the interview transcripts show that stakeholders have the same expectations. Companies need to maintain the main core business is catering. Some stakeholders are also willing to open new markets and not only depend on their main customers. In addition, stakeholders are also willing to open up new business opportunities. This was revealed in the interviews with interviewee:

*"The core business must be maintained..."* (Translated into English. Interview was held on October 13, 2021 with interviewee K2a).



*“The most important thing is on the control side, so do not develop a bigger business but lose control. First, I really want to develop it from the control side, but it is possible for us to open new markets, which we have already done...”* (Translated into English. Interview was held on October 18, 2021 with interviewee K4).

*“...We don't want to develop the business but rather to maintain the current condition so that we can see that the company business can be sustainable and strengthen its core business...”* (Translated into English. Interview was held on October 26, 2021 with interviewee PS1).

*“...So, my hope represents the shareholders, the company must be sustainable first, the company must be able to survive to become a bona fide company in accordance with its core business...”* (Translated into English. Interview was held on October 26, 2021 with interviewee PS1).

To analyze stakeholder expectations about the role of management, the Role theory (Biddle, 1986) was used. Based on Role theory (Biddle, 1986) and analysis of the interview results, conformity occurs when there are common expectations regarding the role of management. Conformity is obtained from the interview's code, which shows that their expectation of role management is to maintain the core business. Stakeholders from the company's management also want the company to open up new business opportunities and get new customers.

In the third research question “How do stakeholders view the performance measurement criteria that can be used” measure the performance of the research site using Malcolm Baldrige for Performance Excellence (MBCfPE). Malcolm Baldrige's performance measurer can measure performance from the leadership level, employee level until customer level. The results of measuring the performance of research sites according to 7 criteria are revealed in table 5 as follows:

**Table 2. The Results of Performance Measurement with Malcolm Baldrige**

Categories	Standard Point	Item Point	Total Point	%	Criteria
<b>1. Leadership</b>	<b>120</b>				
a. <i>Senior Leadership</i>	70	60			
b. <i>Governance and Social Responsibilities</i>	50	40	100	<b>83%</b>	<b>Very Good</b>
<b>2. Strategy</b>	85				
a. <i>Strategy Development</i>	45	35			
b. <i>Strategy Implementation</i>	40	25	60	<b>70,59%</b>	<b>Good</b>
<b>3. Customers</b>	85				
a. <i>Customer Expectations</i>	40	30			
b. <i>Customer Engagement</i>	45	35	65	<b>76,47%</b>	<b>Very Good</b>
<b>4. Measurement, Analysis, and Knowledge Management</b>	90				
a. <i>Measurement, Analysis, and Improvement of Organizational Performance</i>	45	40			
b. <i>Information and Knowledge Management</i>	45	40	80	<b>88,89%</b>	<b>Very Good</b>
<b>5. Workforce</b>	85				
a. <i>Workforce Environment</i>	40	35			
b. <i>Workforce Engagement</i>	45	40	75	<b>88,24%</b>	<b>Very Good</b>
<b>6. Operations</b>	85				
a. <i>Work Processes</i>	45	40			
b. <i>Operational Effectiveness</i>	40	35	75	<b>88,24%</b>	<b>Very Good</b>
<b>7. Results</b>	450				
a. <i>Product and Process Results</i>	120	95			
b. <i>Customer Results</i>	80	75			
c. <i>Workforce Results</i>	80	70			
d. <i>Leadership and Governance Results</i>	80	75			
e. <i>Financial, Market, and Strategy Results</i>	90	80	395	<b>87,78%</b>	<b>Very Good</b>
<b>Total</b>	1000	850	850		<b>Very Good</b>

Senior Leadership in the company received a score of 60. While the value of Governance and Social Responsibilities was 40. The total score of the Leadership criteria was 100 out of 120 or 83%, so that the company's performance in terms of Leadership is very good. The company has carried out an improvement process in the form of innovation to increase efficiency and effectiveness. One example is according to a statement from an interviewee K4 that the company in the past, there was no record in the system when there was an order. The company made improvements to the system by recording sales orders when an order was entered. This was revealed in the following interview:



*“...In the past, every time there was an order, we did nothing. There was no recording in our financial system. It is a risk because sometimes employees forget if there is an order. So, I asked the financial team to make a sales order...”* (Translated into English. The interview was held on October 27, 2021 with interviewee K4).

The score on Strategy Development is 35. The score on Strategy Implementation is 25. The total score on the Strategy criteria is 60 out of 85 or 70.59%. The company's performance in terms of Strategy is in the good category. The company uses an effective and systematic approach and is responsive to questions asked. The K4 explained that the strategy development process involved every stakeholder, both shareholders and employees. This is shown in interviews with interviewee K4 as follows:

*“...Leaders from each division, we invite to discuss with the commissioners to determine what kind of future this company will be...”* (Translated into English. The interview was held on November 17, 2021 with interviewee K4).

The Customer Expectation criteria score is 30. The Customer Engagement criteria score is 35. The total score for the Customers criteria is 65 out of 85 or 76.47%. The results of the interviews showed an effective and systematic approach and was responsive to the basic questions in the items. Interviews with K3 showed that there was a follow-up of customer suggestions and criticisms into the complaint data. In addition to inputting customer input data, the company also shows quality improvement actions. This was revealed during the interview with the interviewee K3 as follows:

*“...Suggestions and criticisms from customers, we input into customer complaint data which is immediately notified by the WhatsApp group of the catering team. How many complaints have been reported this month, so we know which aspect to improve the quality...”* (Translated into English. The interview was held on September 29, 2021 with interviewee K3).

The score for the Measurement, Analysis, and Improvement of Organizational Performance criteria is 40. The score for the Information and Knowledge Management criteria is 40. The total score for the Measurement, Analysis, and Knowledge Management criteria is 80 out of 90 or 88.89%. The results of the interviews showed an effective, systematic and responsive approach to the basic questions in the items. The company cross-checks the goods in the warehouse to find out whether the physical quantity and the number of records are the same. There are reminders for fellow employees to keep cash flow stable and reconcile cash flow if there are differences between the system and those in the workshop. This was stated in the interview as follows:

*“The accountant team will inspect whether the calculation is correct, whether the amount is the same as that received by the employees in the warehouse...”* (Translated into English. The interview was held on October 13, 2021 with interviewee K2a).

The score from the Workforce Environment criteria is 35. The Workforce Engagement criteria score is 40. The total score for the Workforce criteria is 75 out of 85 or 88.24%. According to (Gaspersz,





2011) that the success obtained from the organization depends on the knowledge, skills, creativity, motivation, and background of its employees. The results of the interview show that the company improves the knowledge and skills of its employees through training programs which are conducted almost every year. The training was conveyed through interviews as follows:

*“We have training, almost every year there is a new division that brings changes. We analyze every year there are KPIs and surveys. It will be informed, recapitulated, and submitted to the leadership for decision making, which division needs to be trained.”* (Translated into English. The interview was held on October 18, 2021 with interviewee K1).

The Work Processes criteria got a score of 40. The Operational Effectiveness criteria got a score of 35. The total score obtained by the Operational criteria was 75 out of 85 or 88.24%. The catering business process shows that there is an evaluation of catering operations called Gemba, there are work instructions, job cycle checks (JCC) to ensure employees have carried out tasks according to their jobs, and there is a job safety analysis (JSA). The afval business process also includes a classification of the level of damage to goods to be sold and there is also a control. This was revealed in the interview as follows:

*“...We have classified the types of goods according to the level of damage so that we hope that the goods are still worthy of sale and do not violate the rules and there is also controlling.”* (Translated into English. The interview was held on October 13, 2021 with interviewee K1).

*“Evaluating catering performance through Gemba, besides that we have work instructions, there is a job cycle check (JCC). The job cycle check ensures that today you do your job according to your task...”* (Translated into English. The interview was held on October 8, 2021 with interviewee K3).

*“...There is also a job safety analysis (JSA), for example, if you use a stove, it is dangerous and there is a risk that the stove can cause you to pinch because the stove is a heavy object. In addition, if there is a fire, there are instructions for fire fighting steps along with photos to deal with it...”* (Translated into English. The interview was held on October 8, 2021 with interviewee K3).

Product and Process Results criteria score of 95. Customer Results criteria score of 75. Workforce Results criteria score on resources of 70. Leadership and Governance Results criteria score of 75. Financial, Market, and Strategy Results criteria obtained a score of 80 so that the total score The results obtained for the Result criteria are 395 out of 450 or 87.78%. The total score shows the Result criteria have a very good value. The company always maintains the company's finances well. The company maintains its finances by determining business opportunities that are good to maintain and provide high profits for the company. This was revealed in the interview as follows:

*“The deficit has never happened before, because we always maintain the company's finances so that the company always has a profit. So, before the financial team submits financial reports to users, they first calculate the cost of goods. Calculating company expenses related to material and labor or*



*other costs that would reduce profits. In the past we have tried to offer our services to hotels, especially for catering. We try and we calculate the profit is too low, if we calculate it again the company will lose.”* (Translated into English. The interview was held on October 13, 2021 with interviewee K2a).

*“So far, the company's activities have always been going well. It was planned last year, sometimes there are one or two programs which after entering this year are no longer relevant due to changing conditions. So, we will take it out of the company's planning.”* (Translated into English. The interview was held on November 17, 2021 with interviewee K4).

## **5. CONCLUSION**

Based on the results, it shows that the concept of performance audit according to the stakeholder perspective is divided into two perspectives, namely the supporting perspective and the critical perspective. The support perspective is shown based on the views of stakeholders on the concept of performance audit, which is considered capable of providing a good impact for the company. The good impact of the performance audit concept is to assist stakeholders in improving their performance so that stakeholders are able to achieve company targets. Meanwhile, the critical perspective shows that the SOP (standard operating procedure) regarding the company's performance has not been fully prepared. The critical perspective also shows that there are limited company resources to implement a performance audit, one of which is in terms of human resources.

The results of the study indicate that the stakeholder perspective views the concept of performance audit as an important instrument because performance audits are considered capable of assisting stakeholders in achieving company targets. However, considering the current condition of the company, the company has not compiled all standard operating procedures. It is important for the company to arrange standard operating procedures (SOP). In addition, stakeholders stated that the current condition of the company's resource capacity is still limited to implementing a performance audit so that the concept that arises is practicality.

Stakeholder perceptions on performance evaluation indicate that there is a follow-up and monitoring for unsatisfactory performance so that the same mistakes will not be repeated and also in the future the company can show better performance. Based on the results of this study, if it is associated with the Typology of Strategic Responses to Organizational Change (Oliver, 1991), the response of stakeholder is acquiesce because the stakeholder response to the performance evaluation is a follow-up and monitoring.

Role theory can describe a series of responsibilities of each role more broadly. Role theory (Biddle, 1986) is used to examine stakeholder expectations about the benefits of performance audits. There are four concepts of role theory, namely consensus, conformity, role conflict, and role taking. Stakeholder expectations about benefits of performance audits show that there are similarities perspectives among stakeholders. Stakeholders stated that the performance audit will raise the level of



the company so that stakeholder expectations based on the concept of role theory (Biddle, 1986) is conformity.

Stakeholders' expectations of management's role are stakeholders who want the management to maintain the company's core business, open new markets, and new businesses. The expectations among stakeholders of the management role are similar. The concept that appears from Role theory (Biddle, 1986) is the concept of conformity. Measurement of company performance using seven criteria Malcolm Baldrige shows that the company's performance is excellent.

This research still has some limitations. Interviewee were selected based on sampling so the perceptions between stakeholders cannot be found elsewhere. The results of this research are only suitable for entities that became research sites, so are not suitable for other entities. The research was conducted during Covid-19 pandemic, this causes the research to be conducted only by interviewing a few people of company management and shareholder representatives. Future research could engage the main customers as part of interviewee stakeholders. The information provided by the interviewee is limited due to confidentiality of the entity.

Suggestions for future research can explore stakeholder perceptions with the same theory at different entities. Future research can conduct research on similar companies but use a different theoretical framework or broader objects. The theoretical framework used can show the contribution that the emerging concepts do not always conformity, such as in previous research by Pratama (2018) the result of his research emerged the concept was role conflict.

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<b>KATKI ORANI / CONTRIBUTION RATE</b>	<b>AÇIKLAMA / EXPLANATION</b>	<b>KATKIDA BULUNANLAR / CONTRIBUTORS</b>
Fikir veya Kavram / <i>Idea or Notion</i>	Araştırma hipotezini veya fikirini oluşturmak / <i>Form the research hypothesis or idea</i>	Diandra Talita SPAMA Dyah Ekaari Sekar JATİNİNGSİH
Tasarım / <i>Design</i>	Yöntemi, ölçeği ve deseni tasarlamak / <i>Designing method, scale and pattern</i>	Diandra Talita SPAMA Dyah Ekaari Sekar JATİNİNGSİH
Veri Toplama ve İşleme / <i>Data Collecting and Processing</i>	Verileri toplamak, düzenlenmek ve raporlamak / <i>Collecting, organizing and reporting data</i>	Diandra Talita SPAMA Dyah Ekaari Sekar JATİNİNGSİH
Tartışma ve Yorum / <i>Discussion and Interpretation</i>	Bulguların değerlendirilmesinde ve sonuçlandırılmasında sorumluluk almak / <i>Taking responsibility in evaluating and finalizing the findings</i>	Diandra Talita SPAMA Dyah Ekaari Sekar JATİNİNGSİH
Literatür Taraması / <i>Literature Review</i>	Çalışma için gerekli literatürü taramak / <i>Review the literature required for the study</i>	Diandra Talita SPAMA Dyah Ekaari Sekar JATİNİNGSİH

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**Hakem Değerlendirmesi:** Dış bağımsız.

**Çıkar Çatışması:** Yazarlar çıkar çatışması bildirmemiştir.

**Finansal Destek:**

**Teşekkür:** -

**Peer-review:** Externally peer-reviewed.

**Conflict of Interest:** The authors have no conflict of interest to declare.

**Grant Support:** -

**Acknowledgement:** -

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