

ABSTRACT

This study aimed to test whether theoretical concepts from the organizational justice, internal control and employee performance literature to develop two distinct models relating to employee performance and the quality of internal control procedures (ICP). The first model reveals that the quality of ICP has a moderating effect on the relationship between perceptions of organizational justice and employee performance. The second model indicates that ICP quality is significantly and positively related to three key organizational factors: the corporate ethical environment, the extent of risk management training of staff, and the internal audit (IA) activity level.

The results of this study suggest that the incidence of fraud appears to be higher when both ICP quality and employee perceptions of organizational justice are poor. The second set of findings of this study suggests that organizations which promote a highly ethical environment, and those that actively conduct RMT and IA activities, are likely to have strong ICP.

Collecting data using primary data collection, is the questionnaire by using purposive sampling technique. Data obtained from three-and four-echelon employees who work in Semarang District Government. The samples used were government employees working in Semarang district, amounting to 355 people, data analysis concluded that the interaction of organizational justice to the quality of internal control has a significant influence on the corporate ethical environment, the extent of risk management training of staff, and the internal audit (IA) activity level.

Keywords: Quality of Internal control (ICP), Fraud, Ethics, Employees, Auditing and sustainability compensation.