

EFFECT OF OPERATIONAL AUDITS THROUGH PRODUCTION FUNCTIONS ON CONSUMER SATISFACTION

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ABSTRACT

This research is descriptive research with a quantitative approach carried out on a CV. Baraka Outstanding Workshop. This study aims to determine the presence or absence of the influence of operational audits through the production function on consumer satisfaction. The data collection method in this study is a questionnaire, and the sampling technique used is a census. The population that was the object of the study was employees and customers with a sample of 46 employees and 46 customers. Hypothesis testing was carried out by linear regression analysis for hypotheses 1, 2, 3, path analysis, and Sobel test for hypothesis 4 through the IBM SPSS Statistics V.25 program. Based on the results of the study with a significance level of 5%, conclusions were obtained: Operational Audit has a positive and significant effect on satisfaction with an influence of 95.4%, Operational Audit has a positive and significant impact on the Production Function with an influence of 48.3%, the Production Function has a positive and significant impact on consumer satisfaction with an influence of 52.9%, Operational Audit through the production function has a positive and significant effect on satisfaction consumers 79.5% influence and the rest influenced by other unknown factors which are 20.5%.

Keywords: Operational Audit, Production Function, Customer Satisfaction

A. Introduction

In 2019 Reported from the company's official website (baraka.co.id) CV. Baraka Outstanding Workshop is a company engaged in convection or apparel production. This company has more than 50 customers from Government Agencies, BUMN, Private Companies, Modern Market and Pasar Raya. Reporting from the official website of CV. Baraka Outstanding Workshop Since 2003 until now, this company has had a variety of product offerings for consumers including Uniforms, Jackets, Jeans, Sweaters, Vests, etc.

Orders are made in accordance with the proposal of product design offers, materials, and prices. Consumer satisfaction can be seen from the large number of complaints received from consumers/rejected products in 2014 to 2019. complain in the form of rejected products from consumers has a quantity with a total of 9,440 pcs within a period of six years, but there was a significant decrease from 2014 to 2015, namely a decrease of around 3.5%, and the following year experienced a decrease.

Orders that did not match consumer demand during one the year 2019 were 729 pcs with a percentage of

1.91% of the total number of products produced for a whole year. This shows that the company still has weaknesses in producing an order according to consumer demand. Even with the refurbishment or replacement, the company must incur extra costs in making the rejected order. In minimizing product rejects and reducing additional costs, the company began to carry out an internal control system from the start of the production process until the product reached the hands of consumers or it can be called an Operational audit. The company's operational audit began in 2015, operational control was carried out in the following year, namely 2016, In 2017 there was a change in standard operating procedures (SOP) regarding the implementation of the audit, namely by separating management for divisions in the production system, in 2018 Operational audits were carried out not in the production department but the finance and sales section.

The company carries out operational audits as a form of company control so that the company can run well and have positive business continuity. Operational audits are important to carry out because the

results of these audits can be in the form of recommendations that are very useful for management to determine and assess company policies and activities whether they are appropriate or still need recommendations for improvement so that they affect operating results and activities.

The audit that has been carried out found various types of errors that hinder the production process, including machines that cannot be used and have not been repaired, errors in cutting raw materials, and inventory that is not suitable for use. Auditors carry out operational audits not always at the beginning of the month but there are always delays in their implementation, as evidenced by the audit report only from January to June 2019. In addition, the auditor does not provide suggestions and recommendations to further evaluate the findings of his findings, the Auditor should have provided a report along with recommendations for further evaluation so that events regarding errors in the production process do not occur again.

The company received 22 orders with a total quantity of 4, 356 units. In fulfilling the order, the

company has many obstacles including the availability of raw materials in suppliers of various types according to consumer demand because it has a different design model according to the order, in obtaining this goal, the company carries out an operational audit, one of the functions that are used as an object of inspection is the production function where this process is the core of the company's activities in obtaining products (output) to sell and make a profit.

Products can sell well, one of which is due to the quality factor of the product itself, product quality is the main indicator in meeting the level of consumer satisfaction. Of course, this is a challenge for companies engaged in the convection/apparel business. In maintaining the existence of the two data between the receipt of complaints/reject products and the implementation of audits, it was found that the significant reduction in reject products from 2014 to 2015 and even until 2019 is currently decreasing, the author assumes that with the implementation of operational audits as a control system, it can affect the level of acceptance of reject products from consumers.

This research is carried out to know for sure (can be tested) how through the production function Operational Audit can affect consumer satisfaction, this research is very important, considering the existence of operational audits at each stage of production, then consumer satisfaction is certainly a priority for the company, in addition to the effectiveness difficult to meet in this company field. Of course, knowing how the company remains exists in the face of various requests from consumers. Based on the description above, the author is interested in writing a thesis with the title "The Effect of Operational Audit through the Production Function on Consumer Satisfaction (Case Study on CV. Baraka Outstanding Workshop)"

Based on the identification of the problem above, the problem formulation of this study is as follows:

1. How is the operational audit on the CV. Baraka Outstanding Workshop?
2. How does production function on a CV. Baraka Outstanding Workshop?
3. How is consumer satisfaction with CV. Baraka Outstanding Workshop?

4. How does an operational audit directly affect customer satisfaction?
5. How does the operational audit affect the Production Function?
6. How does the production function affect consumer satisfaction?
7. How does operational audit through the production function indirectly affect consumer satisfaction?

B. Method of Implementation

In this study, the author used an explanatory type of research (Explanatory) with a quantitative approach. Explanatory research is a type of research in which the researcher explains the causal relationship between variables through hypothesis testing, that is, testing hypotheses based on previously formulated theories, then the data obtained are calculated through a quantitative approach. Sugiyono (2017:30)

This study used several techniques in testing the data that had been collected using a questionnaire. The steps used in this study are Normality Test, Validity Test, Reliability Test, Classical Assumption Test, Hypothesis Test, namely simple regression test, Path Analysis, and Sobel Test. After

these methods are carried out, this study can answer the habitual questions asked so that it can convey conclusions that can be translated to the results of the study.

The population of this study was all employees on the CV. Baraka Outstanding Workshop (Internal Auditors, Staff, Purchasing, Design, and production employees) The total population in the study amounted to 46 people for company employees and 46 customers, so the total population was 92 respondents. The authors used non-probability sampling techniques; Nonprobability Sampling is a sampling technique that does not provide equal opportunities or opportunities for each element or member of the population to be selected as a member of the sample. The data used in this study are primary. Primary data is data obtained directly from the research subject by using a measurement tool or data retrieval tool directly on the subject as a source of information for the data sought. The primary data in this study was through answers to questionnaires from study respondents. The respondents to this study were employees and customers of CV. Baraka Outstanding Workshop.

C. Result and Discussion

The analysis tool used to measure the level of validity of the data is with the correlation coefficient using the help of IBM SPSS software V.25. The correlation of each question item with the total value of each variable is done by the product moment correlation formula. The r_{xy} value obtained will be consulted with the price r product moment table at a significance level of 0.5. Based on the results of the calculation of the validity test against the Operational Audit variable consisting of 14 points of statements, all points of the statement are declared valid. All points of the statement can be used in research. Based on the results of the calculation of the validity test against the Variable Production Function consisting of 14 points of statements, it can be known that all points of the statement are declared valid. All points of the statement can be used in research. Based on the results of the calculation of the validity test on the consumer satisfaction variable consisting of 15 points of statements, all points of statements are declared valid. All points of the statement can be used in research.

Testing the reliability of each variable was performed with Cronbach Alpha Coefficient. So, an instrument is said to be reliable if it has a reliability level of more than or equal to 0.60. The following is a summary of the reliability test results of each variable:

Tabel 1 Cronbach Alpha Coefficient Test

	<i>Cronbach's Alpha</i>	Information
Operational Audit	0,879	Reliable
Customer Satisfaction	0,851	Reliable
Production Functions	0,866	Reliable

From the results of the reliability test above, it can be known the value of Cronbach's Alpha for each variable. The resulting value of Cronbach's Alpha is above 0.60, so it can be concluded that the variable used is reliable.

a. Operational Audit at CV. Baraka Outstanding Workshop

The operational audit variable is measured by a questionnaire consisting of 14 statements. This assessment uses a Likert scale model with 5 alternative answers, where the highest score is obtained is 207 i.e., on item X5 with the statement "The auditor always checks specific procedures for completion in production activities" and the lowest

score is 150 i.e., on item X10 with the statement "The auditor can know the magnitude of the loss arising from the deviation." In addition, item X9 with the statement "Auditors can determine how the conditions, causes, consequences, of deviations in production activities" have a score of less than the average of 184. An operational Audit can be said to be good if the auditor can evaluate, conclude, and provide recommendations to the company. However, from the results of the questionnaire it can be concluded that the company's operational audit has not been carried out properly or optimally even though the implementation procedures have been carried out in accordance with the Company's Procedure.

b. Production Function in CV. Baraka Outstanding Workshop

Production Function Variables were measured by a questionnaire consisting of 14 statements. This assessment uses a Likert scale model with 5 alternative answers, where the highest score obtained is 217, namely on item Z14 with the statement "Products produced always have good quality (Favorable)" and the lowest

score is 179, namely on item Z10 with the statement "Remaining production materials are always taken into account." In addition, item Z5 with the statement "Companies transfer workers who lack mastery of their fields to other parts of their control" has a score of less than an average of 186. The production function is said to function properly if the elements in it (inputs) produce maximum output, in the calculation of the questionnaire, especially the production function, it is said that the company has produced a product that has good quality, but the company does not consider the remaining production materials. The remaining finished production materials can provide more benefits in maximizing additional costs by procuring fewer raw materials. And companies that pay less attention to human resources who are not skilled in their fields tend to ignore them rather than shifting to other divisions, products can be produced well if the existing human resources are skilled in their fields. Of course, the production function in this company tends to still not function optimally.

c. Customer Satisfaction at CV Companies. Baraka Outstanding Workshop

The Production Function variable is measured by a questionnaire consisting of 15 statements. This assessment uses a Likert scale model with 5 alternative answers, where the highest score is obtained is 210, namely on item Y15 with the statement "Consumers who do not need to spend additional costs or do not need to waste time to get a product or service tend to be satisfied" and the lowest score is 174, namely on item Y10 with the statement "The resulting ordered product has a brand image which is good." In addition, item Y5 with the statement "Acceptance of rejected ordered products tends to be few or no" has a score of less than the average of 175. Consumer satisfaction is the most important thing in sales, especially to increase repeat orders from consumers themselves, of course, companies must pay more attention to the ordered products produced, especially in terms of receiving reject products or returns. Failed products can hinder the ongoing production process, the costs incurred become more wasteful than usual because they produce ordered products more than twice. The Brand Image of the product itself becomes weak due to the presence of a rejected product. Of

course, consumer satisfaction with the company has not been achieved well.

d. The Effect of Operational Audits on Customer Satisfaction

Based on the results of partial data calculations from variables X to Y, it is known that the magnitude of the r value is 0.977, this means that the Operational Audit variable has a positive effect on Consumer Satisfaction. The better or higher the Operational Audit, the better the Customer Satisfaction will be. While the resulting coefficient of determination is 0.954. The value of r^2 or coefficient of determination of 0.954 means that 95.4% of changes in the Consumer Satisfaction (Y) variable can be explained by the Operational Audit variable (X) and the remaining 4.6% is explained by other variables.

e. Effect of Operational Audit on Production Function

Based on the results of partial data calculations between variables X to *intervening* (Z) it is known that the magnitude of r value is 0.695, this means that the Operational Audit variable has a positive effect on the Production Function. The better or higher the Operational Audit, the better

the Production Function will be. While the resulting coefficient of determination is 0.483. The value of r^2 or coefficient of determination of 0.483 means that 48.3% of changes in the Production Function variable (Z) can be explained by the Operational Audit variable (X) and the remaining 51.7% is explained by other variables.

f. Effect of Production Function on Consumer Satisfaction

Based on the results of partial data calculations from variable Z to Y, it is known that the magnitude of the calculated r is 0.727, this means that the Production Function variable has a positive effect on Consumer Satisfaction. The better or higher the Production Function, the better the Consumer Satisfaction will be. While the resulting coefficient of determination is 0.529. The value of r^2 or coefficient of determination of 0.529 means that 52.9% of changes in the Consumer Satisfaction variable (Y) can be explained by the Production Function variable (Z) and the remaining 47.1% is explained by other variables.

g. Effect of Operational Audit through the Production Function on Consumer Satisfaction

The results of the path analysis show that Operational Audit can have a direct effect on consumer satisfaction and can also have an indirect impact, namely from operational audits through the production function (as intervening) and then on consumer satisfaction. The calculation of the magnitude of the direct influence, indirect influence, and the effect of the total operational audit on consumer satisfaction is 0.940961. Based on data from the calculation of the Sobel test above the p-value shows a signification of $0.04050888 < 0.05$ there is an influence of mediation from the production function as an Intervening variable between operational audits to customer satisfaction. because the calculated $t\ value = 23.2285$ is greater than the table $t\ value$ with a significance level of 5% which is 2.01537, it can be concluded that the mediation coefficient of 0.940961 is significant which means that there is an influence of mediation. The intervening of the production function is 79.5% and the remaining 20.5% is explained by other variables.

D. Conclusion

Based on the results of data analysis through the proof of the four hypotheses proposed in this study regarding the effect of operational audits through the production function on consumer satisfaction (Case Study on CV. Baraka Outstanding Workshop), so this study the author concluded that the four hypotheses proposed in this study were all accepted.

The conclusion of this study is that the company's operational audit has not been carried out properly even though the implementation procedures have been carried out according to the Company's SOP, the production function in this company tends to still not function optimally because it tends not to pay attention to the remaining production materials, the Brand Image of the Product itself becomes weak due to the presence of products that reject. Of course, consumer satisfaction with the company has not been achieved well. Operational Audits have a direct effect on consumer satisfaction by 95.4%, Operational Audits affect the production function by 48.3%, the Production Function affects consumer satisfaction by 52.9%, and Operational

Audits have an indirect effect on consumer satisfaction through the production function by 79.5%.

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