

*Undergraduate Thesis
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***RELATIONSHIP BETWEEN CULTURE AND THE EFFECTIVENESS OF
THE INTERNAL AUDIT FUNCTION***

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ABSTRACT

This study aims to examine the relationship between the culture according to Hofstede with the effectiveness of the internal audit function. Hofstede's culture consists of power distance, uncertainty avoidance, individualism vs collectivism, masculinity vs femininity, long-term orientation vs short-term orientation and indulgence vs restraint. Of the 6 dimensions of Hofstede's culture, 4 were chosen to examine the relationship with the effectiveness of the internal audit function. The study used a research model from Yoo, Donthu, Leonartowicz (2011).

This study uses the results of distributing questionnaires through website or links distributed to the internal auditors of Rural Banks located in Riau Islands. From these results, as many as 145 respondents were used in this study. This study uses a regression method to analyze the relationship between four independent variables with one dependent variable. The Statistical Package for the Social Science (SPSS) program was used in this study to manage and analyze data obtained from scattered questionnaires.

The results of this study found that power distance and uncertainty avoidance had a significant negative effect on the effectiveness of the internal audit function. While collectivism and masculinity have a significant positive effect on the effectiveness of the internal audit function.

Keywords: *Effectiveness of internal audit functions, power distance, uncertainty avoidance, individualism vs collectivism, masculinity vs femininity, long-term orientation vs short-term orientation, indulgence vs restraint.*