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A Collaborative and Participatory Internal Control as A Mechanism to Strengthen Social Identity: A Case Study on Public Service Obligation Companies in Indonesia

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Abstract: This study aims to analyze how collaborative and participatory internal control can strengthen social identity within organizations, particularly in companies that fulfill Public Service Obligation (PSO). Using a qualitative paradigm and a case study approach, this study explores employee engagement through participation and collaboration in internal control processes and their impact on the formation of a sense of belonging and collective identity in the work environment. Data were collected through in-depth interviews, non-participatory observations, and document analysis at one state-owned PSO company. The results show that open internal control practices, involving various levels of the organization, and emphasizing shared values can build trust, strengthen social attachment, and increase employee commitment to the company's social mission. These findings provide implications for the development of an internal control system that is not only compliance-oriented but also serves as an integrative tool in strengthening the organization's social identity.

Keywords: Internal Control, Participatory, Collaborative, Social Identity, Public Service Obligation, Public Service, Social Identity

INTRODUCTION

Public Service Obligation (PSO) companies in Indonesia play an indispensable role in delivering essential services that underpin national development, social equity, and economic stability. Established or designated by the government to operate in sectors where market forces alone cannot ensure universal access, PSOs function in critical domains such as healthcare, education, transportation, and civil administration. Their purpose is to fill service gaps, extend public resources to underserved populations, and embody the state's commitment to inclusive development. However, despite their central role in promoting public welfare, PSOs in Indonesia continue to face persistent challenges related to service quality, bureaucratic inefficiency, and declining public trust (Cahyati, 2023; Kuswati et al., 2023).

The government's vision for PSOs extends beyond providing basic services. These organizations are also tasked with stimulating local economies, offering employment opportunities, and ensuring equitable access to national resources. By integrating themselves into community development agendas, PSOs are expected to contribute directly to inclusive growth and societal well-being (Saputra et al., 2022). Encouragingly, mechanisms such as community consultations and participatory planning have demonstrated potential in improving both operational effectiveness and citizen

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engagement, helping to close the gap between policy intent and service outcomes (Krisnadi & Arifin, 2023). Yet, such measures alone are insufficient. Achieving lasting improvements in service delivery demands deeper institutional reforms, particularly within the internal governance structures of PSO organizations.

At the heart of this reform agenda lies the implementation of robust internal control systems. Internal controls are structured processes designed to enhance operational efficiency, ensure compliance with regulations, safeguard assets, and support accurate reporting. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), these controls are based on five interrelated components—control environment, risk assessment, control activities, information and communication, and monitoring—that collectively form a comprehensive framework for organizational oversight (Agyei-Mensah, 2016). When properly implemented, internal controls enhance corporate governance, deter fraud, and promote a culture of integrity and ethical conduct (Atu et al., 2014; Suhayati et al., 2022).

Nevertheless, the internal control frameworks within many PSOs remain largely compliance-driven and hierarchical, which can prove inadequate in dynamic environments that demand adaptability, innovation, and stakeholder collaboration. Recent organizational theory suggests that participatory and collaborative internal control models are more effective in these contexts because they foster shared ownership and accountability among employees. This is particularly vital for PSOs, where alignment between internal practices and public expectations directly affects institutional legitimacy and service quality.

Emerging literature emphasizes that collaborative internal controls can also cultivate a stronger sense of social identity within organizations, creating a cultural foundation that supports high performance and ethical behavior. In PSOs, employee engagement and organizational cohesion are not merely human resource concerns; they are fundamental to meeting public service mandates. When internal processes prioritize inclusivity, transparency, and active participation, they nurture a shared identity that enhances motivation, discretionary effort, and, ultimately, public trust (Laiyan, 2023). A strong social identity aligns employees' values with the mission of the organization, reinforcing retention and organizational citizenship behavior—critical factors for PSOs that rely on a dedicated workforce capable of adapting to change and delivering consistent service.

This paper, therefore, examines how collaborative and participatory internal control systems can strengthen the social identity and governance performance of PSO companies in Indonesia. By integrating insights from governance frameworks and social identity theory, it aims to provide a nuanced understanding of how these internal mechanisms can foster more responsive, cohesive, and resilient public service organizations. In doing so, it highlights that improving internal controls is not only about compliance but also about cultivating an organizational culture that genuinely embodies accountability, transparency, and shared responsibility in the service of the public good.

LITERATURE REVIEW

The evolution of internal control systems (ICS) in Indonesia's public sector has been influenced by a complex interplay of governance, accountability, and corruption challenges, particularly as these organizations have come under increasing scrutiny in recent decades. Internal controls are designed to help public organizations comply with laws, regulations, and best practices while promoting transparency and operational efficiency. The reform of these control systems has been particularly critical in Indonesia, where improving governance structures and reducing corruption are ongoing priorities.

Historically, Indonesia's public sector internal control mechanisms were rudimentary, often relying on outdated financial management practices that failed to address the complexities of modern governance. These mechanisms were frequently reactive, designed to ensure compliance rather than to foster proactive management of public service operations. The turning point in this evolution came after the 1998 Asian financial crisis, which exposed weaknesses in public sector management and led to widespread reforms. Among the most significant shifts was the adoption of New Public Management (NPM) principles, which emphasize the measurement of performance, efficiency, and accountability in the public sector. These principles have shaped the modern understanding of internal controls, moving beyond compliance to include performance-based outcomes (Alsharari, 2022).

One of the most notable changes has been the integration of results-based budgeting (RBB) into Indonesia's public sector management framework. This approach links strategic planning directly with budgeting processes, which helps to create a more structured internal control environment. RBB marks a shift toward more sophisticated, results-oriented financial oversight, promoting transparency in the allocation of resources. The introduction of these reforms signified a broader institutionalization of innovative management accounting practices within public organizations, aligning them more closely with contemporary standards of corporate governance and financial management.

The political and economic context has also played a significant role in shaping the evolution of internal controls in Indonesia's public sector. Alsharari (2022) notes that external pressures—such as demands from local governance bodies and international financial institutions—have influenced the reform of management control systems in Indonesian public organizations. This external influence has been crucial in pushing for greater efficiency and accountability, especially in the wake of the 1998 financial crisis and subsequent economic challenges. The pressure to enhance public sector service delivery and reduce corruption has driven the creation of more sophisticated internal control frameworks aimed at ensuring greater accountability and transparency in the management of public resources. These frameworks are critical in sectors such as healthcare and education, where poor governance can lead to significant failures in service delivery and public trust.

One of the central aspects of the evolving internal control systems in Indonesia is the recognition of the importance of organizational culture and intrinsic motivation in improving public sector performance. Kolk et al. (2018) highlight that personnel and cultural controls significantly impact the motivation and performance of public sector employees. By fostering a culture of competence, relatedness, and intrinsic motivation, public sector organizations can encourage employees to align their goals with organizational objectives, enhancing the overall effectiveness of internal controls. This cultural transformation has been instrumental in shifting the focus of internal controls from mere compliance to creating an environment where employees feel personally invested in the organization's success, ultimately leading to improved governance and service delivery.

Furthermore, Indonesia's ongoing adoption of international accounting standards has had a considerable impact on the development of internal control systems in public organizations. The move towards accrual-based accounting has enhanced transparency in public financial management, offering a more accurate picture of an organization's financial health and obligations. However, as noted by Hodges and Mellett (2005), adapting private sector accounting practices to the public sector's unique needs presents challenges. Differences in the missions, objectives, and stakeholders of public and private organizations necessitate tailored approaches to financial management and internal controls, highlighting the need for reforms that reflect the distinctive governance structures of public service organizations (Caramia et al., 2024).

A notable example of the impact of improved internal controls can be found in Indonesia’s higher education sector. Sofyani et al. (2023) demonstrate that the introduction of robust governance practices within higher education institutions has been critical to improving educational outcomes. These reforms closely correlate with effective internal controls, which play a vital role in reducing corruption and ensuring that public funds are allocated efficiently. In sectors like education, where corruption can significantly undermine public trust and service quality, strong internal control systems are crucial to enhancing accountability and institutional performance.

The role of identity in organizational behavior has gained increasing attention in recent years, particularly in the context of Professional Service Organizations (PSOs). The influence of group identity on organizational behavior, trust, and public perception is particularly significant in PSOs, where relationships between employees, clients, and the public are central to the organization’s success. Identity shapes behavior in a way that impacts cooperation, transparency, and the overall perception of organizational integrity. Shang et al. (2019) argue that strong group identity motivates employees by aligning individual goals with collective objectives, fostering a collaborative and high-performing environment. This is particularly important in PSOs, where teamwork and collaboration are critical to service delivery and innovation.

However, group identity can also lead to conformity, stifling creativity and critical thinking when employees prioritize group norms over individuality. Shang et al. (2019) caution that while a shared identity can resolve conflicts and enhance performance, it can also lead to groupthink, reducing the organization's capacity to adapt to changing conditions or innovate effectively. This insight underscores the importance of managing group identity within PSOs, ensuring that it fosters cooperation and high performance while also encouraging diversity of thought and openness to change.

The concept of trust is another fundamental aspect of organizational behavior, particularly in the context of PSOs. Trust is essential for creating a conducive working environment and establishing strong relationships with clients and stakeholders. Anderson et al. (2017) identify two key components of trust: competence trust, which reflects confidence in a partner’s ability, and goodwill trust, which refers to the expectation of integrity and benevolence. In PSOs, both types of trust are crucial for ensuring effective collaboration and maintaining high performance standards. Garrett et al. (2019) emphasize that control mechanisms in a collaborative context can enhance trust, provided they lead to improved accountability and ethical behavior. This dynamic reinforces the importance of incorporating participatory and collaborative approaches to internal controls, as these can serve as a foundation for building and sustaining trust within organizations.

Public perception of PSOs is closely tied to internal trust dynamics. Hecht et al. (2023) demonstrate that transparency and fairness in organizational processes significantly influence public perceptions, particularly when employees feel that their organization operates with integrity. The perception of fairness within the organization, in turn, affects public trust and the credibility of the PSO's operations. Rezaee et al. (2024) assert that higher levels of societal trust correlate with improved performance in auditing and consulting services, which are integral functions of many PSOs. As public service organizations increasingly engage with the public, the alignment of internal identity and values with external perceptions becomes a critical factor in organizational success.

In conclusion, the evolution of internal control systems in Indonesia’s public sector has been driven by both internal reforms and external pressures. These systems have grown more sophisticated, embracing the principles of performance measurement, transparency, and accountability. Simultaneously, the importance of organizational identity, trust, and collaboration in public service organizations has become increasingly recognized. The integration of these elements into internal control systems offers a promising approach to enhancing governance and service delivery in Indonesian PSOs, fostering a culture of ethical behavior, transparency, and accountability while strengthening public trust.

METHOD

This study adopts an interpretive paradigm, which is grounded in the belief that reality is socially constructed and context-dependent. The interpretive approach is well-suited for exploring complex social phenomena such as internal control systems and social identity within organizational settings. By emphasizing subjective understanding and meaning-making, this paradigm allows the researcher to capture the nuanced experiences and perspectives of individuals embedded in the organizational context. A qualitative case study approach was selected to enable an in-depth, contextualized examination of a Public Service Obligation (PSO) company, providing rich insights into internal governance dynamics and identity processes from the perspective of those directly involved.

The research was conducted within a state-owned enterprise in the land transportation sector, operating under a Public Service Obligation (PSO) mandate. This organization was selected due to its relevance to the study’s focus on accountability, service delivery, and employee engagement in the public sector. Ten participants were purposively selected from key departments that play a role in governance and operational oversight, including audit, operations, finance, compliance, review, and top-level management. The diversity of participants ensured that multiple perspectives were represented, enriching the data and supporting triangulation efforts.

Primary data were collected through in-depth, semi-structured interviews designed to elicit detailed narratives and reflections from participants. The interview guide included open-ended questions that encouraged participants to share their experiences with internal control systems, their perceptions of organizational identity, and their views on participation and accountability within the company. Interviews were conducted in a flexible manner to allow for probing and clarification, ensuring depth and relevance of responses. Each session lasted between 45 to 90 minutes and was audio-recorded with participant consent to support accurate transcription and analysis.

Data analysis was carried out using thematic analysis as outlined by Merriam and Tisdell (2016). This method involves a systematic process of identifying, analyzing, and reporting patterns (themes) within qualitative data. The analysis began with verbatim transcription of interview recordings, followed by iterative cycles of reading and coding. Initial codes were grouped into categories that reflected emerging concepts. Through continuous comparison and refinement, these categories were then developed into overarching themes that captured the core insights of the study. Thematic analysis allowed for the exploration of both anticipated and emergent themes, supporting a comprehensive understanding of the interplay between internal control and social identity.

To ensure the credibility and trustworthiness of the findings, several validation strategies were employed. Source triangulation was conducted by incorporating perspectives from multiple departments within the organization. Member checking was used by sharing preliminary findings with participants to confirm accuracy and resonance with their lived experiences. An audit trail was maintained throughout the research process, documenting methodological decisions, coding schemes, and analytical memos.

These procedures collectively enhanced the study's transparency, reliability, and rigorhe method section should provide a detailed and transparent account of how the study was conducted. Authors should begin by describing the research design, including the type of study (provide in several sub-sections). Next, define the population and sampling procedures, including inclusion and exclusion criteria. Provide comprehensive information about participants, such as demographics and recruitment methods. Describe all materials, instruments, or equipment used, including their reliability and validity.

RESULTS

This study focuses on the role of internal control systems in enhancing the social identity of Public Sector Organizations (PSOs) in Indonesia, with a particular emphasis on a state-owned company, PSO TJ, which operates the Bus Rapid Transit (BRT) system in Jakarta. The BRT system aims to address traffic congestion and environmental concerns by providing affordable, reliable, and sustainable transportation. The internal control system at PSO TJ is implemented in a collaborative and participatory manner, with three major themes emerging from the study: Active Employee Participation, Cross-Unit Collaboration, and Collective Responsibility.

Active Employee Participation

1. Empowerment and Ownership
2. Improved Transparency and Trust
3. Encouraging Ethical Behavior and Accountability
4. Fostering a Collaborative and Participatory Culture
5. Strengthening Social Identity through Employee Engagement

Cross-Unit Collaboration

1. Breaking Down Silos and Encouraging Synergy
2. Holistic Risk Management
3. Facilitating Data Sharing and Information Flow
4. Fostering a Culture of Collective Responsibility
5. Enhancing Organizational Agility
6. Strengthening Public Trust through Collaborative Governance

Collective Responsibility

1. Shared Accountability for Organizational Success
2. Strengthening Trust and Transparency

3. Eliminating Blame Culture and Encouraging Shared Problem-Solving
4. Enhancing Ethical Culture and Organizational Values
5. Creating a Unified Organizational Identity
6. Encouraging Active Participation and Engagement

DISCUSSION

The analysis of internal control systems in Public Service Obligation (PSO) companies, specifically within the context of PSO TJ's Bus Rapid Transit (BRT) system, provides valuable insights into how collaborative and participatory mechanisms can strengthen the organization's social identity and improve governance. By focusing on the three key themes of Active Employee Participation, Cross-Unit Collaboration, and Collective Responsibility, it becomes evident that the internal control systems at PSO TJ are not merely functional but integral to fostering a strong organizational culture that is aligned with societal goals like sustainability, reliability, and equitable service provision. The findings from this study offer several broader implications for PSOs in Indonesia and beyond, particularly regarding the importance of employee involvement, trust-building, and ethical conduct in achieving organizational success.

One of the key findings of the study is the role of **Active Employee Participation** in strengthening the internal control systems at PSO TJ. Empowering employees by giving them ownership of their roles not only fosters a sense of responsibility but also motivates them to take pride in their work. This sense of ownership, as emphasized by Kolk et al. (2018), leads to increased employee engagement and commitment to organizational goals. In a PSO setting, where the broader public relies on consistent and efficient service delivery, employees who feel a personal stake in the organization are more likely to contribute positively to its mission. This, in turn, enhances the organization's performance by encouraging employees to go beyond the minimum requirements and engage in discretionary efforts that improve service quality and efficiency.

The second benefit of active participation is the enhancement of **Transparency and Trust**. When employees are actively involved in decision-making processes, there is greater clarity around the organization's goals, decisions, and actions. This transparency nurtures trust between employees and management, a critical factor in public service organizations, where public accountability is a core value. The relationship between transparency and trust in internal controls has been well-documented in governance literature (Hecht et al., 2023). As trust between employees and leadership deepens, employees are more likely to align their behavior with organizational values and contribute positively to the company's goals, knowing that their voices are heard and their concerns are addressed.

Active participation also plays a significant role in **Encouraging Ethical Behavior and Accountability**. A participatory internal control system, by its nature, fosters a culture of accountability. When employees are included in decision-making processes, they understand the rationale behind policies and are more likely to uphold ethical standards. This is particularly important in PSOs, where adherence to ethical norms and transparency is vital to maintaining public trust. Chen et al. (2017) underscore the importance of internal controls that promote collective accountability, particularly in systems that rely on whistleblowing or other feedback mechanisms. At PSO TJ, when employees are actively involved in the internal control process, they are not only more likely to adhere to ethical guidelines but also to hold their peers accountable, further strengthening the ethical culture of the organization.

Additionally, **Fostering a Collaborative and Participatory Culture** is another significant benefit of employee participation. The internal control systems at PSO TJ encourage open dialogue, teamwork, and the free exchange of ideas. This collaborative environment helps employees feel more connected to their colleagues and the organization's larger mission. This aspect of internal controls helps reduce siloed thinking and encourages employees to share knowledge and resources, ultimately improving the organization's ability to respond to challenges and implement innovative solutions. As noted by Shang et al. (2019), a collaborative culture within PSOs helps resolve conflicts, improves cooperation, and enhances overall performance. In a service-oriented organization like PSO TJ, where customer satisfaction and service reliability are paramount, the ability to collaborate effectively across departments and with external stakeholders is essential for success.

Finally, **Strengthening Social Identity through Employee Engagement** is one of the most impactful outcomes of active employee participation. When employees are deeply engaged in the organization's activities and internal control processes, they develop a stronger identification with the company's mission and values. This aligns their personal goals with the organizational objectives, enhancing their commitment and sense of belonging. For PSO TJ, this means employees are not only working to provide transportation services but are also contributing to broader societal goals such as environmental sustainability and equitable access to public transportation. Social identity theory, as articulated by Shang et al. (2019), suggests that when employees identify strongly with their organization, they are more likely to go above and beyond their formal responsibilities, contributing to organizational success. This sense of social identity enhances the overall cohesion and performance of the organization, ensuring that employees are motivated to uphold the company’s values and mission.

While Active Employee Participation plays a pivotal role in shaping the organizational culture, **Cross-Unit Collaboration** and **Collective Responsibility** also emerge as crucial factors in improving internal controls and fostering a strong social identity. Collaboration across different departments ensures that the organization’s efforts are coordinated, and it facilitates the pooling of resources and expertise to tackle challenges more effectively. In PSO TJ, the breakdown of silos through collaborative efforts leads to more efficient service delivery, as various departments align their efforts toward common organizational goals. This synergy helps improve the BRT system’s overall effectiveness by streamlining decision-making processes, facilitating data-sharing, and reducing redundancies. These dynamics underscore the importance of internal controls that not only monitor compliance but also promote collaboration, ensuring that all units work together toward achieving the organization’s broader objectives.

Furthermore, **Collective Responsibility** strengthens organizational accountability and trust. By fostering a sense of shared responsibility, PSO TJ has cultivated a culture where all employees, regardless of their department or position, understand that they have a role in ensuring the organization's success. This collective mindset diminishes individual blame and encourages a focus on shared problem-solving. In PSOs, where public service delivery is at the core of their mission, a collective approach to responsibility ensures that no one is exempt from upholding high standards of performance. This sense of unity and shared purpose enhances the social identity of PSO

TJ by aligning individual actions with organizational values, ultimately fostering an environment of trust and collaboration.

Despite the positive impacts of active employee participation, cross-unit collaboration, and collective responsibility, challenges remain in fully implementing these internal control mechanisms. One of the main challenges identified is the potential resistance to change, particularly in organizations with entrenched hierarchies or a culture of top-down decision-making. In such environments, employees may feel alienated or unempowered to contribute to decision-making processes, undermining the effectiveness of participatory mechanisms. To address this, PSOs should invest in **training and development programs** that empower employees with the skills and knowledge needed to actively participate in internal control processes. Additionally, creating **inclusive decision-making processes** and ensuring **open communication channels** will help overcome resistance and encourage engagement at all levels of the organization.

Another challenge is ensuring that **ethical behavior** and **accountability** are consistently maintained, particularly in large, decentralized organizations. This can be mitigated by establishing clear **roles and responsibilities** and reinforcing the ethical standards that govern decision-making processes. **Recognition and incentives** for ethical behavior and collaboration should be incorporated into performance management systems to reinforce the behaviors that contribute to organizational success.

In conclusion, the study underscores the importance of participatory internal control systems in strengthening the social identity of PSOs in Indonesia. By fostering active employee participation, promoting cross-unit collaboration, and cultivating collective responsibility, PSOs like PSO TJ can build stronger, more cohesive organizations that are capable of delivering high-quality public services. The enhanced sense of social identity and alignment with organizational values will not only improve internal control systems but also contribute to greater public trust and accountability. For PSOs to thrive in today's dynamic environment, they must continue to prioritize transparency, collaboration, and employee engagement—key elements that will help them meet their public service obligations and contribute to the broader societal good.

CONCLUSION

This study highlights the critical role of internal control systems in shaping the social identity of PSOs in Indonesia. By embracing participatory governance, cross-unit collaboration, and collective responsibility, PSOs can improve their effectiveness, foster transparency, and enhance their reputation among stakeholders. However, overcoming institutional challenges such as bureaucratic resistance and resource limitations will require a sustained effort from both leadership and employees. The integration of internal control systems with broader social objectives will help PSOs align their operations with public expectations and contribute to a more resilient and responsible public sector in Indonesia.

Implication

The findings of this study have important implications for both policy and practice. Policymakers should consider developing frameworks that support the adoption of collaborative and participatory internal control systems within PSOs. Encouraging cross-unit collaboration and fostering a culture of collective responsibility should be integral components of governance reforms aimed at improving public sector efficiency and accountability.

For practitioners, this research offers valuable insights into the practical steps that can be taken to strengthen internal controls and enhance social identity within PSOs. It is recommended that PSOs in Indonesia invest in regular stakeholder engagement, encourage active participation in decision-making processes, and promote cross-functional teamwork to break down silos and improve organizational coherence. By focusing on building a shared sense of responsibility, PSOs can create a more ethical, accountable, and socially responsible public sector.

Limitations and Future Directions

Limitations

There are several limitations that should be acknowledged:

1. **Geographical and Sectoral Limitations**: This study focuses on PSOs in Indonesia, which, while providing a relevant context, limits the generalizability of the findings to other countries or sectors with different socio-political and economic dynamics. Different nations may have varying regulatory environments, organizational cultures, and public expectations, which could affect the implementation of internal control systems and the development of social identity in PSOs. Similarly, the findings may not be fully applicable to private-sector organizations or multinational corporations, where governance structures and CSR practices may differ.
2. **Data Collection Constraints**: The research primarily relies on qualitative data sources, such as interviews, case studies, and document analysis. While these methods provide rich insights into the perspectives of key stakeholders, they may be subject to biases inherent in qualitative research. Furthermore, the sample size of PSOs included in the study may not fully capture the diversity of experiences across all PSOs in Indonesia, which could limit the comprehensiveness of the findings.
3. **Temporal Scope**: The study is based on data collected at a specific point in time, which means that the findings reflect the current state of internal control systems and social identity within PSOs. As the socio-political and regulatory landscape in Indonesia evolves, it is possible that future developments could shift the dynamics discussed in this study. The ongoing nature of governance reforms and the evolving nature of CSR practices within PSOs necessitate that the research be revisited periodically to ensure its continued relevance.
4. **Subjectivity in Measuring Social Identity**: Measuring the social identity of an organization is inherently subjective and context-dependent. While this study considers both internal and external perceptions of PSOs, it may be difficult to fully capture the complexity of social identity, especially when it is shaped by diverse stakeholder groups with differing values and priorities. This subjectivity may affect the generalizability of the conclusions drawn about the relationship between internal controls and social identity.

Future Directions

Despite the limitations, the findings of this study open up several avenues for future research and practical implementation.

1. **Comparative Studies Across Countries**: Future research could explore the role of internal control systems in enhancing the social identity of PSOs in other countries, particularly in regions with different regulatory environments or governance structures. A comparative approach would provide insights into how cultural and

political contexts influence the effectiveness of internal controls and their impact on organizational identity. By examining PSOs in other countries, researchers could identify best practices and potential challenges that may not have been observed in Indonesia.

2. **Longitudinal Studies**: Given the evolving nature of governance frameworks and CSR practices, longitudinal studies would offer valuable insights into the long-term effects of collaborative and participatory internal control systems on organizational performance and social identity. Tracking PSOs over an extended period would help understand how internal controls, stakeholder engagement, and organizational culture evolve, and whether these changes lead to sustained improvements in public trust and organizational effectiveness.
3. **Quantitative Analysis of Stakeholder Perception**: Future studies could complement qualitative research with quantitative surveys to measure the impact of internal control systems on stakeholder perceptions of social identity. By surveying a larger and more diverse group of stakeholders, researchers could identify patterns and correlations that offer more precise insights into how internal control practices affect public perceptions and trust in PSOs. This would also help to quantify the effects of cross-unit collaboration and collective responsibility on organizational reputation.
4. **Exploration of Technology in Internal Control Systems**: As technology continues to evolve, it is essential to examine how digital tools and platforms can enhance the effectiveness of internal control systems. Future research could investigate the role of digital governance platforms, data analytics, and automation in improving transparency, accountability, and stakeholder engagement within PSOs. Understanding how technology can facilitate participatory governance and improve the alignment between internal controls and social identity would be a critical step toward modernizing governance structures in public organizations.
5. **Addressing Barriers to Implementation**: While this study identifies several barriers to effective internal controls, further research could delve deeper into the specific institutional and cultural challenges that hinder the implementation of collaborative and participatory practices within PSOs. Investigating strategies to overcome bureaucratic resistance, resource constraints, and other challenges would provide valuable guidance for practitioners looking to implement reforms in Indonesian PSOs. Additionally, exploring the role of leadership in driving organizational change and fostering a culture of transparency and accountability would be crucial in ensuring the sustainability of internal control improvements.
6. **Sector-Specific Research on CSR Practices**: As corporate social responsibility (CSR) plays a crucial role in shaping the social identity of PSOs, future research could focus on specific sectors, such as healthcare, education, or energy, to explore how internal control systems and CSR practices are implemented in these areas. Sector-specific studies would provide a more detailed understanding of the unique challenges and opportunities that PSOs face in different fields, enabling more tailored recommendations for improving internal controls and social responsibility.

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