

The Influence of Human Resources, and Internal Control on the Quality of Financial Statement: Accounting Information System as a Moderating Role

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Abstract

This study aims to analyze the influence of Human Resources, Internal Control on the quality of financial statement that are moderate by Accounting Information System (In Financial Bureau and equipment of the Secretariat general). This research uses primary data in distributing questionnaires to the financial who works in financial bureau and equipment of the secretariat general located in Jakarta, Indonesia. This study uses a purposive sampling method in data collection. Data obtained by collecting 120 questionnaires. 120 questionnaires or ninety four point five percent of the total distribution of questionnaires can be processed. Data were analyzed by multiple regression using SPSS. The results of the 120 respondents who answered the questionnaire showed that human resources, internal control, accounting information systems have a significant effect on the quality of financial statements either partially or simultaneously.

Keywords: Human Resource, Internal Control, Accounting, Information System, Quality of Financial Statement

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Introduction

If the information contained in the local government financial report (LKPD) meets the criteria for the qualitative characteristics of the report on governmental compliance as required by PP No. 24/2005 and revised PP No. 71/2010 concerning Government Accounting Standards (SAP), which are relevant, reliable, comparable and understandable, meaning that regional governments are able to realize transparency and accountability in managing regional finances. Relevant is that if the information contained in it can influence user decisions by helping them evaluate past or present events and predict the future and confirm or correct the results of evaluations in the past. Reliable, that is, the information in financial statements is free from misleading understanding and material errors, presenting facts honestly, and can be verified. Comparable is the information contained in the financial statements will be more useful if it can be compared with the financial statements in the previous period. Understandable is the information presented in the financial statements can be understood by the user and stated in terms of forms and terms that are adjusted to the user's understanding.

This phenomenon shows that there are some accounts in the financial report that have not been presented and disclosed in accordance with Government Accounting Standards (SAP). Based on the phenomenon that occurs shows that the Financial Statements of the DKI Jakarta Government still do not meet the criteria for the required information. This phenomenon also contradicts to the theory of stewardship, as assumed by the theory of stewardship that management is not motivated by individual goals but is aimed at the interests of the organization.

Literature Review

The quality of human resources is the ability of human resources to carry out the duties and responsibilities given to him with adequate education, training and experience, research conducted by Reny (2017) results in research that the capacity of human resources has a positive effect on the quality of financial statement information. This research is in line with the research conducted by Mahayni, et al (2017) which resulted in a study that the quality of human resources in accounting influences the quality of financial statements. This shows that the better the capacity of human resources, the better the quality of financial statement information. Assessing the capacity of human resources in carrying out a function, including accounting, can be seen from the level of responsibility of these resources. Responsibility for human resources can be seen in job descriptions. In line with this, Nurendah, et.al (2015) stated that human resources who are competent in accounting are needed to maintain the quality of financial statements as output from the field of accounting. This is in line with the results of the study, Juliana, et.al (2019) which concluded that human resource competencies proved to influence the quality of financial statements.

The function of Human Resources (HR) in preparing and managing Human Resources plays a very important role in achieving the competitiveness of institutions. High quality human resource support has a positive correlation with the achievement of added value and the level of quality of decisions taken by the agency (Bayangkara, IBK, (2014:59). The existence of human resources becomes very important because all authority and

responsibility relate to the existence of human resources. The capacity of human resources that must be available is influenced by two important things, namely quality and quantity. In addition to already have adequate human resources, existing agency or companies bound to be problems that cannot be ascertained despite already planned well. Before the assessment, first determine the right employee needs, in terms of both quantity and quality desired. An experienced or experienced employee, will facilitate the agency to carry out activities and functions in accordance with its authority. One's ability factor is not enough to be seen only in terms of education and training, but can also be viewed in terms of work experience someone's work on a particular organization or institution

Internal Control is an integral process in actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in achieving organizational goals through effective and efficient activities. Internal control consists of policies and procedures used in achieving the objectives and guaranteeing or providing reliable financial information, as well as guaranteeing compliance with applicable laws and regulations. Human resources are capabilities at the level of individuals, organizations or institutions, as well as systems to carry out functions. its function or authority to achieve its objectives effectively and efficiently (GTZ and USAID/CLEAN Urban, 2001 in Indriasari et al, 2008). Hullah et al (2012) explained that human resources are people who are ready, willing and able to contribute in the effort to achieve the organizational goals of the reliability of financial reporting,

Safeguarding state assets, and adhering to laws and regulations. Information technology in addition to functioning as computer technology (hardware and software) for processing and storing information also has a function as a communication technology for the delivery and dissemination of information. According to Trisaputra (2013) Information technology plays a role in providing useful information for decision makers within the organization, including in terms of reporting so as to support the decision making process more effectively. The use of information systems will not run optimally when it is not supported by good quality human resources in a regional government agency.

Research conducted by Reny (2017) resulted in research that the internal control system has a positive effect on the quality of financial statement information. The research is in line with the research conducted by Mahayni, et al (2017) which resulted in a study that the internal control system influences the quality of financial statements. Although the internal control system that has been set is good, but has not been implemented effectively causing the financial statement information produced is not right. This research is in accordance with Choirunisah's research (2008) which found that internal controls did not significantly influence the quality of financial statements produced by the agency's accounting system.

Accounting information, system is defined as a collection of sub-systems that are interconnected with each other and work together in harmony to process financial data into the required financial information management to help decision-making processes in finance (Azhar Susanto, 2008: 52). Ministry of Home Affairs has been providing accounting information system to be used by local governments in order to produce qualified financial statements, but in reality there are weaknesses in the application of

accounting information system of local government. Presentation of financial statements that have not real-time (still in annual/end of year output) and are historical figures, resulting in financial statements cannot be fully utilized in the policy-making process/decision every day (Silviana, 2013: 2). The financial report of the local government as a form of implementation of the budget should be prepared or generated from a reliable local government accounting system, which can be done using a computer application. The use of accounting information systems and financial management of computer-based integrated area will greatly assist officials in preparing and presenting financial report, both in level local government agency or Local government finance unit. (Halim et al, 2012: 14).

The phenomenon of local government financial report is something that is interesting to study further, from the initial observation turned out that in local government financial report there are still many local governments presented data that does not fit, but it also still many irregularities have been found by the audit board of the Republic Indonesia in implementation of the government's financial statement audit (Kesuma et al, 2014).

Research Methodology

Population

The populations is a generalization area consisting of: objects/subjects that have certain qualities and characteristics set by the researcher to be studied and then conclusions drawn (Sugiyono, 2017: 115). In this study the population is the General Bureau of Finance and Secretariat Equipment employees.

Samples

Sampling method used is According to Sekaran and Bougie (2010), sample is a subset or part of the population, where some of the population form the sample. While the sample is part of the number and characteristics possessed by the population. If a large population and researchers are unlikely to learn all that exists in the population, for example due to limited funds, energy and time, the researcher can use samples taken from that population (Sugiyono, 2017: 116). The use of this purposive sampling technique is because not all data or information will be processed and not all people or objects will be examined but enough to use a sample that represents it. Each element in the population is not known for its chance to be sampled with certain criteria. In this study the researchers determined the criteria to be sampled were employees of the Finance Bureau and General Secretary Equipment.

Data Types and Data Collection Techniques

Data Collection Techniques

The data used in this study is the primary data, a source of the data that obtained directly from the original source (not through any medium). Hence, the data collection method that can be used is surveyed methods and observation methods. Survey methods

using interview and questionnaire in collecting data, while observation methods can be done with direct observation and mechanical observation.

Data Analysis Method

Descriptive Statistics

1. Quality of financial statements (Y) has a lowest value (min) is 25 and the highest value (max) is 40. Average value (mean) and standard deviation to independent variable of quality of financial statements (Y) of 34.7667 and 2.40355. Average value (mean) variable Y greater than deviation value standard, so that can be concluded that the average from whole data toward independent variable Y be able to describe whole variable well.

2. Human resource (X1) has the lowest value (minimum) 25 and the highest value (maximum) 40. Average (mean) and standard deviation to Human resource (X1) in the amount of 34.9500 and 2.93873. Average (mean) variable X1 preponderant then the standard deviation value, with the result that be concluded average from whole data to independent variable X1 capable to describe whole variable well.

3. Internal control variable (X2) has the lowest value (minimum) in the amount of 49 and the highest value (maximum) in the amount of 70. Average (mean) and standard deviation to independent variable internal control (X2) in the amount of 60.6500 and 4.22408. Average of (mean) variable X2 greater than the standard deviation value, so it can be concluded that the average of all data on the independent variable X2 be able to describe whole variables well.

4. Accounting information system (Z) variable has the lowest value (minimum) in the amount of 28 and the highest value (maximum) in amount of 50. Average (mean) and standard deviation to accounting information system (Z) in amount of 43.2000 and 3.70918. Average (mean) variable Z greater than compared to the standard deviation value, so it can be concluded that the average of all data on the independent variable Z is able to describe all variables well.

Classic Assumption Test

Normality Test

Normality test aims to test One Kolmogorov-Smirnov sample test results in the table above shows the value of the Asymp level. Sig is 0.062. Asymp Value The sig obtained is greater than the significant level of 0.05, so it can be concluded that the residual data in the regression model is normally distributed.

Multicollinearity Test

This test aims to test whether the regression model found a correlation between independent variables. To detect the presence or absence of multicollinearity in the regression model can be known from the tolerance value and the value of Variance Inflation Factor (VIF). The cut off value that is commonly used to indicate the absence of multicollinearity symptoms is a tolerance value > 0.10 or equal to a VIF value < 10 .

Table 1. Results of the Multicollinearity test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	X1	0.664	1.505
	X2	0.664	1.505

a. Dependent Variable: Y

From the results of the multicollinearity test in Table 1, it appears that the tolerance value of each independent variable X1 and X2 is more than 0.10, 0.664 and the results of the Variance Inflation Factor (VIF) show values less than 10, namely 1.505. It can be concluded that the proposed regression model equation is free from multicollinearity.

Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model that is formed there is an inequality of variance from the residual regression model. Good data is homoscedasticity data. To test heteroscedasticity in this study using statistical methods with the Glejser test.

The test results show that Heteroscedasticity test results using the Glejser test above shows that the probability value of each independent variable X1 and X2 shows values > alpha 0.05 that is equal to 0.835 and 0.090, so it can be concluded to accept H0 ie the data does not occur experiencing heteroscedasticity.

Table 2. Results of the Heteroscedasticity test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.740	1.414		2.644	0.009
	X1	0.008	0.039	0.023	0.209	0.835
	X2	-0.047	0.027	-0.191	-1.708	0.090

a. Dependent Variable: res2

Hypothesis Testing

Simultaneous Test (F – Test)

The statistical test results between the independent variables of human resources, internal control and the accounting information system moderating variables on the dependent variable quality of financial statements are as follows:

Table 3. ANOVA (Analysis of Variance) test results

Anova ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	461.740	5	92.348	46.639	0.000 ^b
	Residual	225.727	114	1.980		
	Total	687.467	119			
a. Dependent Variable: Y						
b. Predictors: (Constant), MRA2, X1, X2, Z, MRA1						

Based on the ANOVA (Analysis of Variance) test results in Table 3, it can be concluded that the F test has a significance value of 0,000 less than the significance level of 0.05 and a statistical F value > F table of 46,639 > 2.68. This means that the human resource independent variable, internal control and the accounting information system moderating variable simultaneously have a simultaneous effect on the variable dependent on quality of financial statements. The conclusion obtained was accepting H6 namely human resource, internal control, and accounting information system as a moderating variable simultaneously affecting the quality of financial statements.

Coefficient of Determination

The coefficient of determination (R²) aims to see how much the ability of the independent variable to explain the dependent variable seen through adjusted R².

Table 4. Determination Coefficients (R²)

Model Summary ^a				
Model	R	R ²	Adjusted R ²	Std. Error of the Estimate
1	0.751 ^a	0.564	0.557	1.60026
a. Predictors: (Constant), X2, X1				
b. Dependent Variable: Y				

Determination is 0.564. This shows that the proportion of the influence of the independent variable human resource and internal control on the dependent variable quality of financial statements is 56.4% while the remaining 43.6% (100% - 56.4%) is influenced by other variables not in the regression model.

Conclusions

Based on the results of data analysis and discussion that has been explained in the previous chapter, the researcher draws some conclusions as follows:

1. The human resource variable has a significant influence on the dependent variable quality of financial statements
2. The internal control variable (X2) has an influence on the dependent variable quality of financial statements
3. The accounting information system (Z) moderation variable has an influence on the dependent variable quality of financial statements
4. The Human Resource strengthens the Accounting information system (Z)
5. The internal control strengthens the Accounting information system (Z)
6. The accounting information system (Z) strengthens the relationship among human resources (X1), internal control (X2) and the quality of financial statements (Y).

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