The Effect of Human Resource Competencies on the Quality of Financial Statements

Yuni Syahputri[1], Indra Sakti[2] , Hesti Sabrina[3],
[1]University Medan Area
E-mail: yuni.putri1985@gmail.com
[2]University Medan Area
E-mail: Doasakti99@gmail.com
[3]University Medan Area
E-mail: athayazhafira123@gmail.com

Abstract

This study aims to determine the effect of human resource competence on the quality of financial statements. The population in this study is the Medan City Market Regional Company. While the respondents of this research are the accounting / financial management as many as 38 employees. The analysis method used is Simple Linear Regression analysis. After analyzing the data, conclusions can be drawn, namely: The results of the study using the t test state that there is an influence between Human Resource Competencies (HR) on the Quality of Financial Statements. In other words, if the HR competency variable increases, the quality of financial reports will increase.

Keywords : Human Resource Competencies, Quality of Financial

JEL Clasification : (sesuaikan dengan klasifikasi JEL)

1. INTRODUCTION

A company is a modern entity that has specific activities to achieve the set goals. The objectives of the company include profit optimization, sustainable growth, operational continuity, and a positive image in the community. To achieve these goals, companies need the support of elements such as adequate capital, efficient information systems, competent and skilled human resources (HR), effective internal control systems, and other production factors.

Financial statements are the result of the accounting discipline, which requires competent human resources to produce quality reports. Financial reports serve as the main communication tool for conveying financial information to external parties, which reflects the company's financial history in the form of monetary value.

Financial reports have a very important role in providing information about the financial position and performance achievements of an organization. The quality of financial statements is influenced by many factors, including HR competencies. In the context of achieving good governance, regional financial management requires human resources that have good competence.

The success of an organization is highly dependent on the quality of its human resources. Competency-based HR development can increase employee productivity and the quality of their work, which in turn will increase customer satisfaction and benefit the organization as a whole.

Based on observations, it is known that the number of employees with a financial education background is only 13 people or 34.2% of the total employees in accounting with the last education S1. Employees with non-financial education backgrounds dominate as many as 25 people or 65.7% of the total employees in accounting with the last education of S1 as many as 10 people and SMA education as many as 5 and D3 as many as 10 so that financial management human resources are categorized as incompetent.

In the context of regional financial management, success in preparing quality financial statements requires human resources who have a good understanding of government accounting, regional finance, and government organizational structure. Moreover, the lack of employees with an educational background in accounting can be an obstacle to effective and correct financial management.

By increasing the competence of human resources and implementing a good financial accounting system, it is hoped that company managers, especially the accounting department, can carry out accounting tasks and functions properly, which in turn will support the creation of good governance.

Several studies have shown that the quality of financial reports is strongly influenced by HR competence. Competent human resources will produce financial reports that are timely, relevant, and comparable. However, other factors such as accounting information systems also play a role in determining the quality of financial statements. However, there is another view that states that HR competence does not have a significant effect on the quality of financial statements (Andini & Yusrawati, 2016).

Some researchers state that the quality of financial reports is largely determined by the competence of human resources, because with competent human resources, timely, relevant and comparable financial reports will be produced (Andini & Yusrawati, 2016).

Baihaqi (2016) states that owners or managers of MSMEs who have accounting knowledge will produce quality financial reports. In addition, to produce quality financial reports, it is not only determined by the competence of human resources but also depends on the accounting information system used in a company (Andini & Yusrawati, 2016). Meanwhile, according to Wijayanti (2017), it is found that human resource competence does not have a significant effect on the quality of financial statements.

2. LITERATURE REVIEW

Human Resource Competency

Competence is the ability to carry out a task or job based on knowledge, skills, and attitudes that characterize an individual. According to Wibowo (2016), competence is important in carrying out tasks or jobs. There are obvious competencies, such as knowledge, which can be easily recognized by companies to match individuals with specific jobs. However, there are also more hidden competencies, such as skills that may not be immediately identified, but can be invaluable in improving performance.

Baihaqi (2016) states that owners or managers of Micro, Small and Medium Enterprises (MSMEs) who have knowledge in accounting tend to produce quality

financial reports. Other research shows that the quality of financial statements is highly dependent on the competence of human resources. (Pujanira & Taman, 2017) and (Andini & Yusrawati, 2016) state that by having competent human resources, companies can produce financial reports that are timely, relevant and comparable.

Competency standards are guidelines regarding the abilities and expertise that must be possessed by the workforce in carrying out work in accordance with the specified requirements. This competency includes the use of skills supported by knowledge and abilities that are in accordance with job demands (LPPKMITB, 2005: 3). Competence is closely related to performance, both individual performance and organizational performance.

According to Armstrong (2004), individual performance depends on the understanding, skills, expertise, and behavior needed to do a good job. Meanwhile, organizational performance depends on the ability of company management to respond to external and internal conditions, and how well the company can anticipate changes using certain benchmarks.

Financial Statement Quallity

The quality of financial reports presented by Micro, Small and Medium Enterprises (MSMEs) is still limited to information on receipts and expenditures. According to the Ministry of Trade (2013), financing institutions have an important role in providing technical assistance related to financial management to MSMEs. However, MSMEs generally experience difficulties in financial management, which is common knowledge. In fact, bookkeeping and financial reporting are very important for the growth and development of MSME businesses (Susanto & Yuliani, 2015).

Often MSMEs do not separate personal accounts from business accounts, so that funds that should be used for business purposes are ultimately used for daily personal needs. This shows that the accounting standards applicable to MSMEs, namely the Financial Accounting System for Entities without Public Accountants (SAK ETAP), have not been widely applied. As a result, many MSME entrepreneurs experience difficulties in obtaining credit from banks or other financial services to expand their businesses. SAK ETAP is expected to improve the quality of MSME financial reports from the current ones. However, its implementation in 2011 still experienced obstacles that were feared to hinder the application of this SAK (Rudiantoro & Siregar, 2012).

The quality characteristics of financial statements are a measure to assess whether a financial report is good or not. According to the Indonesian Institute of Accountants (IAI) (2017), the quality of financial statements must have aspects that are understandable, relevant, reliable, and comparable.

3. RESEARCH METHOD

The data used in this study are primary data collected through a survey method by distributing questionnaires to respondents. This questionnaire was delivered and collected directly by the researcher. Garnita (2008) explains that a questionnaire is a tool that helps researchers in conducting research, by asking questions that are equipped with several alternative answers, so that respondents can choose according to their choice.

The population in this study were all employees of the Regional Market Company of Medan City, totaling 125 people. While the sample is part of the population selected using purposive sampling technique, namely with certain considerations in accordance with the research objectives, totaling 38 employees.

The analysis methods used include data validity and reliability tests, and classical assumption tests. The validity test is used to ensure that the measuring instrument used actually measures the intended thing. The reliability test aims to determine the level of accuracy, accuracy, and consistency of the measuring instrument in revealing certain symptoms from a group of individuals. In addition, data normality testing was also carried out using the one sample Kolmogorov-Smirnov test with a significance level of 0.05. Heterocedacity test is conducted to determine whether there is an inequality of variance of residuals between observations.

Furthermore, hypothesis testing was carried out using the simple regression test and t test. Data analysis was carried out using SPSS ver.25 software. The simple regression analysis equation model is used to measure the effect of human resource competence on the quality of financial statements. The t test is conducted to determine whether the independent variable partially has an influence on the dependent variable.

4. RESULTS AND ANALYSIS
RESULTS

Simple Linear Regression Analysis

The analytical method applied is simple linear regression, which aims to assess the impact of independent variables separately on the dependent variable. This simple linear regression was used to test the first, second, and third hypotheses. The regression coefficient for each variable is known through calculations using data processing software.

Based on the results of simple calculations with the data processing application program, it can be obtained a summary of the test results simple linear regression analysis as follows:

Coefficients[a]

Model		B	Std. Error	Beta	t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
1	(Constant)	12,411	5,765		5,401	,038
	Kompetensi SDM	,751	,139	,669	5,401	,000

a. Dependent Variable: Kualitas Laporan Keuangan

Based on the results of simple linear calculations shown in the table above, the regression equation is as follows as follows:

$$Y = 12{,}411 + 0{,}751X1$$

The equation shows that the regression coefficient value Human Resources Competence (X) of 0.751 and a constant value of 12.411 which means that if the independent variable is considered constant (independent = 0), then the the value of the Quality of Financial Statements (Y) is amounted to 12.411.

T-Test

The significance test can be done by comparing the significance probability value with the predetermined significance level of 0.05. Based on the table above, it can be seen that the tcount value is 2.153. When compared to the t_{table} at the significance level 0.05 with df = 38-2 = 36, then the t_{count} is greater than the ttable 5,401 > 1,688. The significance probability value of 0.000 also shows that the value is smaller than the value of the predetermined significance level of 0.000 significance level that has been determined, which is 0.05 (0.000 < 0,05). This means that the effect of Human Resources Competence Human Resources Competence on the Quality of Financial Statements is significant. Thus, the first hypothesis (H1) which states that Human Resource Competence Competence has a positive and significant effect on the Quality of Financial is accepted.

Determination Coefficient Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,669ª	,448	,432	3,17580

a. Predictors: (Constant), Kompetensi SDM

Based on the table above, it shows that the R2 value is 0.448 or 44.8%. Therefore, It can be seen that the independent variable, namely HR competence, has an effect of 44.8% on the quality of financial statements. This shows that the quality of financial reports influenced by HR competence by 44.8% and the remaining 55.2% is influenced by variables outside this study.

ANALYSIS

The results of this study support the first hypothesis which states that Human Resource Competence has a positive effect on the Quality of Financial Statements of the Regional Government of DIY Province. Based on the analysis of the first hypothesis, the regression equation can be written as Y = 12.411 + 0.751X1, which indicates that the coefficient for Human Resource Competence has a positive value. The correlation coefficient also shows a positive value of 0.448. In addition, the coefficient of determination of 0.448 indicates that 44.8% of the variability in the Quality of Financial Statements is influenced by the independent variable Human Resource Competencies. This confirms that the higher the Human Resource Competence, the better the Quality of Financial Statements. Support for this is also evident from the calculated t value of 5.401, which exceeds the t table value of 1.668.

Human Resource Competencies include the knowledge, skills, and attitudes possessed by employees in carrying out their duties so that they can achieve the desired goals. Competent human resources are able to complete their work efficiently and

effectively. The existence of human resource competencies also has an impact on the timeliness of preparing financial reports.

5. CONCLUSION

From the results of research on the effect of human resource competencies on the quality of the company's financial statements, several important things can be concluded. First, there is a significant positive influence between human resource competencies and the quality of the company's financial statements. This means that the higher the level of human resource competence, the better the quality of the resulting financial statements. This shows that the human resource competency factor plays an important role in maintaining the accuracy, reliability and relevance of financial statements. Second, these findings confirm the importance of investing in the development of human resource competencies within the company. Companies need to pay sufficient attention to training, developing, and managing employees so that they have the knowledge, skills, and attitudes needed to produce quality financial statements. In conclusion, this study highlights a significant relationship between human resource competencies and the quality of corporate financial statements. Therefore, to improve the quality of financial statements, companies need to pay attention to and develop human resource competencies continuously.

6. REFERENCE

Andini, D., & Yusrawati. (2016). Pengaruh Kompetensi Sumber Daya Manusia dan Penerapan Sistem Akuntansi Keuangan Daerah Terhadap Kualitas Laporan Keuangan Daerah Pada Satuan Kerja Perangkat Daerah Kabupaten Empat Lawang Sumatera Selatan. *Jurnal Ekonomi KIAT*, *26*(1), 33–41.

Armstrong, M. (2004). *Performance Management* (N. (terjemahan) (ed.)). Tugu Publisher.

Baihaqi, M. (2016). *Pengantar Psikologi Kognitif*. PT Refika Aditama.

Pujanira, P., & Taman, A. (2017). Pengaruh kompetensi sumber daya manusia, penerapan standar akuntansi pemerintahan, dan penerapan sistem akuntansi keuangan daerah terhadap kualitas laporan keuangan pemerintah daerah provinsi diy. *Jurnal Nominal*, *6*(2), 15–28. https://journal.uny.ac.id/index.php/nominal/article/view/16643/9891

Rudiantoro, R., & Siregar, S. V. (2012). Kualitas Laporan Keuangan UMKM Serta Prospek Implementasi SAK ETAP. *Jurnal Akuntansi Dan Keuangan Indonesia*, *9*(1–21). https://doi.org/10.21002/jaki.2012.01

Susanto, B., & Yuliani, N. L. (2015). Prospek Implementasi Sak Etap Berbasis Kualitas Laporan Keuangan Umkm. *Optimum: Jurnal Ekonomi Dan Pembangunan*, *5*(1), 1. https://doi.org/10.12928/optimum.v5i1.7796

Wibowo. (2016). *Manajemen Kinerja* (Cetakan ke). Rajawali Pers.

Wijayanti, L. (2017). Pengaruh Kompetensi Sumberdaya Manusia, Sisitem Pengendalian Intern, Dan Teknologi Informasi Terhadap Kualitas laporan Keuangan Pemerintah Daerah (Studi Empiris Pada Dinas Pendapatan Pengelolaan Keuangan Dan Aset Daerah (DPPKAD) Kabupaten Sukoharjo). *Artikel Ilmiah Akuntansi*, 1–9.