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The Influence of Human Resource Competency and Utilization of Information Technology on The Quality of Regional Government Financial Reports With Internal Control As A Moderating Variable (Study On Bekasi City Government)

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Abstract: This study was conducted to test the effect of human resource competence and utilization of information technology on the quality of local government financial reports with internal control as a moderating variable in the Bekasi City Government. The type of data in this study is quantitative data sourced from primary data. The method of data collection by distributing questionnaires. The population in this study was the Regional Finance and Asset Management Agency (BPKAD) of the Bekasi City Government. The sample used in this study were employees in the budget, treasury, accounting and asset fields. Data processing for the study used SmartPLS. The research that has been conducted provides results that human resource competence and utilization of information technology have an effect on the quality of local government financial reports. Furthermore, based on the results of the study, internal control is unable to moderate the relationship between human resource competence and the quality of local government financial reports. Internal control is able to moderate the relationship between the utilization of information technology and the quality of local government financial reports.

Keywords: Human Resource Competence, Utilization of Information Technology, Quality of Local Government Financial Reports, Internal Control.

INTRODUCTION

According to Government Regulation of the Republic of Indonesia Number 71 of 2010 concerning quality financial reports, information contained in government financial reports must meet several qualitative characteristics required by Government Accounting Standards, namely Relevant, Reliable, Comparable and Understandable. Based on the 2021 Fiscal Year LKPD, Bekasi City received a decrease in opinion from the BPK, namely a Fair with Exceptions opinion (BPK RI). Based on the 2022 Fiscal Year LKPD, Bekasi City again received a Qualified opinion (BPK RI).

The objectives of this study are 1) To analyze the effect of Human Resource Competence on the Quality of Regional Government Financial Reports; 2) To analyze the effect of Information Technology Utilization on the Quality of Regional Government Financial Reports;

3) To analyze the ability of Internal Control in moderating the relationship between Human Resource Competence and the Quality of Regional Government Financial Reports; 4) To analyze the ability of Internal Control in moderating the relationship between Information Technology Utilization and the Quality of Regional Government Financial Reports.

LITERATURE REVIEW

According to Jensen and Meckling, (1976) an agency relationship occurs when one or more people (Principals) give work to others (agents) to provide a service and then delegate the authority to make decisions. According to the Regulation of the Minister of Home Affairs Number 11 of 2018 concerning the Competency-Based Human Resource Development System, competence is the ability and characteristics possessed by a State Civil Apparatus employee, in the form of knowledge, skills, and behavioral attitudes needed in carrying out official duties so that they can carry out their duties professionally, efficiently, and effectively. According to Law of the Republic of Indonesia Number 11 of 2008 concerning Information and Electronic Transactions, the use of information technology plays an important role in trade and national economic growth in order to realize community welfare. According to Government Regulation of the Republic of Indonesia Number 60 of 2008, the Government Internal Control System is an integral process in the form of actions and activities carried out continuously by management and all employees to provide reasonable assurance for the achievement of organizational goals through effectiveness and efficiency, reliability of financial reporting, security of state assets, and compliance with laws and regulations.

Hypothesis

The following are research hypotheses formulated based on the research background, previous researchers, and the framework of thought:

H1: Human Resource Competence influences the Quality of Local Government Financial Reports.

H2: Utilization of Information Technology influences the Quality of Local Government Financial Reports.

H3: Internal Control is able to moderate the relationship between human resource competence and the Quality of Local Government Financial Reports.

H4: Internal Control is able to moderate the relationship between Utilization of Information Technology and the Quality of Local Government Financial Reports.

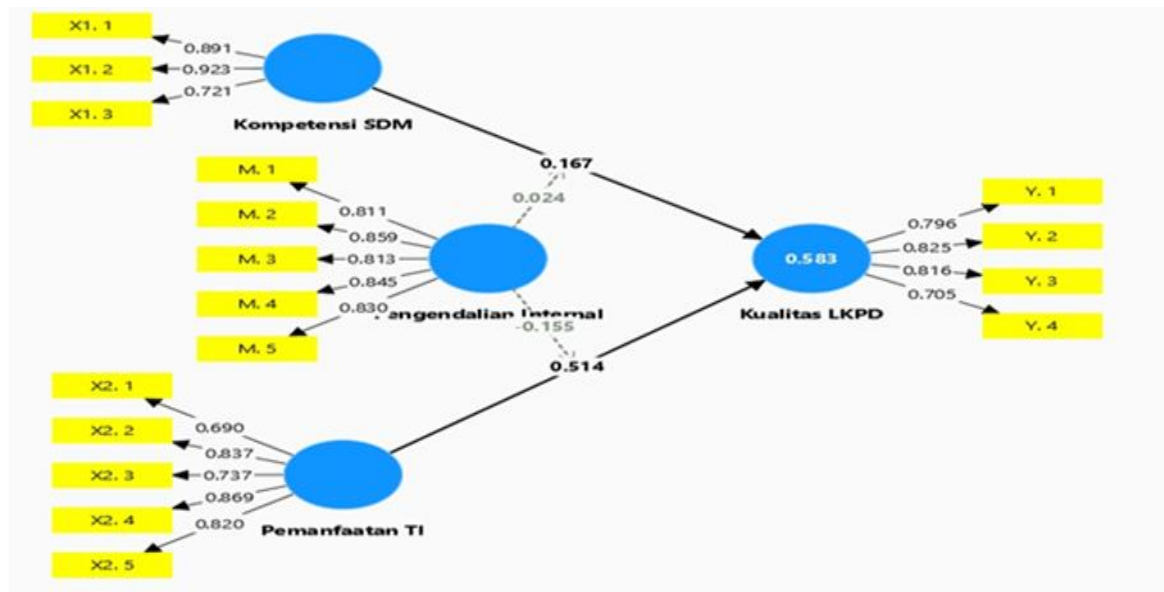
RESEARCH METHODS

This study uses a quantitative research method approach. This method is called a quantitative method because the data is in the form of numbers that can be processed and analyzed using mathematical or statistical calculations (Sekaran & Bougie, 2017). The population in this study is the Regional Financial and Asset Management Agency of the Bekasi City Government. The sample in this study were employees in the budget, treasury, accounting and asset fields. The analysis method in this study uses the SmartPLS statistical tool.

FINDINGS AND DISCUSSION

Data Analysis

The following are the results of the study after conducting a validity test of the outer model measurement model, validity test, reliability test of the inner model measurement model and hypothesis testing with the final result in the form of the SmartPLS equation as follows.



Picture 1. Path Diagram Image (Outer Loading)

The highest factor loading on the human resource competency variable is (X1.2) of 0.923. The highest factor loading on the information technology utilization variable is (X2.4) of 0.869. The highest factor loading on the local government financial report quality variable is (Y.2) of 0.825. The highest factor loading on the internal control variable is (Z.2) of 0.859. The measurement scale of 0.60 to 0.70 is considered sufficient (Ghozali, 2015). The human resource competency variable with a Cronbach's alpha of 0.805 and a composite reliability of 0.885. The local government financial report quality variable with a Cronbach's alpha of 0.794 and a composite reliability of 0.866. The information technology utilization variable with a Cronbach's alpha of 0.851 and a composite reliability of 0.894. Internal Control Variable with Cronbach's alpha of 0.888 and composite reliability of 0.918. The results of the reliability test analysis show that all variables have composite reliability values and Cronbach's alpha values > 0.70 , so it can be interpreted that all variables are reliable. To assess the reliability of the construct, the Composite Reliability value must be more than 0.70. The Cronbach's Alpha value must be greater than 0.70 (Ghozali, 2015).

Table 1. Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
HR Competency -> Quality of LKPD	0.167	0.175	0.083	2.005	0.045
IT Utilization -> Quality of LKPD	0.514	0.520	0.087	5.881	0.000
Internal Control x IT Utilization -> Quality of LKPD	-0.155	-0.175	0.079	1.969	0.049
Internal Control x HR Competency -> Quality of LKPD	0.024	0.027	0.075	0.319	0.750

Source: SmartPLS 4.0 output, 2024

1. $X_1 \rightarrow Y$: t statistic 2.005 $>$ t table 1.96 or p value 0.045 $<$ 0.5.
2. $X_2 \rightarrow Y$: t statistic 5.881 $>$ t table 1.96 or p value 0.000 $<$ 0.5.
3. $Z \times X_2 \rightarrow Y$: t statistic 1.969 $>$ t table 1.96 or p value 0.049 $<$ 0.5.
4. $Z \times X_1 \rightarrow Y$: t statistic 0.319 $<$ t table 1.96 or p value 0.750 $>$ 0.5.

Discussion

The Influence of Human Resource Competence on the Quality of Regional Government Financial Reports

Based on the results of the analysis, the first hypothesis has a p value of 0.045, which is smaller than 0.05. It concludes that human resource competence has an effect on the quality of regional government financial reports. The implication of agency theory is that human resources who have adequate competence can carry out their functions and duties so as to produce quality financial reports as a form of government accountability to the public. This study is in line with previous researchers, namely according to researchers Sumaryati et al, (2020) human resource competence has an effect on the quality of regional financial reports of the Grobogan Regency Government.

The Effect of Information Technology Utilization on the Quality of Regional Government Financial Reports.

Based on the results of the analysis, the second hypothesis has a p value of 0.000 which is smaller than 0.05. It concludes that the utilization of information technology has an effect on the quality of regional government financial reports. Implications with agency theory by utilizing technological advances can improve employees' ability to manage finances faster and better so that the financial report information distributed to the public is of high quality. This study is in line with previous researchers. The utilization of information technology shows that it has a significant effect on the quality of regional government financial reports (Maspaitealla & Mokodompit, 2022).

The Effect of Internal Control Capability Moderating the Relationship between Human Resource Competence and the Quality of Local Government Financial Reports

Based on the results of the analysis of the third hypothesis, it has a p value of 0.750 which is greater than 0.05. It concludes that internal control is unable to moderate the relationship between human resource competence and the quality of local government financial reports. Based on the results of the hypothesis test, the low t-statistic value and the high p value result in internal control being unable to moderate the relationship between human resource competence and the quality of local government financial reports. The implication with agency theory is that human resource competence has no effect on producing quality financial reports as a form of accountability to the public if internal control is not optimal. This study is in line with previous researchers The internal control system cannot moderate the influence of human resource competence on the quality of the financial reports of the Simalungun Regency Government (Aruan et al, 2019).

The Effect of Internal Control Capability Moderating the Relationship between Information Technology Utilization and the Quality of Local Government Financial Reports

Based on the results of the analysis of the fourth hypothesis, it has a p value of 0.049, which is smaller than 0.05. It concludes that internal control is able to moderate the relationship between information technology utilization and the quality of local government financial reports. The implication of agency theory is that with good control, every activity or work that utilizes information technology can be controlled in order to minimize errors so that quality financial reports are obtained as a form of accountability to the public. This study is in line with previous researchers. The internal control system moderates and strengthens the influence of information technology utilization on the quality of financial reports (Palimbong et al., 2018).

Conclusions and Suggestion

Human resource competence and utilization of information technology have a significant effect on the quality of local government financial reports. Internal control is not able to moderate the relationship between human resource competence and the quality of local government financial reports. Internal control is able to moderate the relationship between the utilization of information technology and the quality of local government financial reports. Further researchers are expected to be able to find out more about the time of distributing the questionnaire, namely during the respondents' free time, so that the questionnaire can be filled out by a larger number of respondents so that it has good results. Financial managers are advised to improve competencies that can improve skills so that employees are able to produce quality financial reports at work. Information and communication regarding internal control carried out are suggested to be improved so that every job can be controlled.

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