Effect of the Quality of Human Resource, Information System of Regional Financial Management, and Regional Asset Management toward the Quality of Financial Statement of Regional Staff Organization in the Deli Serdang Regency Government

Haryanto[1], Khaira Amalia Fachrudin[1] and Yeni Absah[2]

[1]*Graduate Program in Management, Universitas Sumatra Utara, Medan, Indonesia*
[2]*Faculty of Economics and Business, Universitas Sumatera Utara, Medan, Indonesia*

Keywords: Human Resource, Information System, Asset, Financial Statement

Abstract: This research aims to find out and analyze the effect of the quality of human resource, information system of regional financial management, and regional asset management toward the quality of financial statement of regional staff organization in the Deli Serdang Regency Government. This is a causal research that uses primary data. The research population is all regional staff organizations in the Deli Serdang Regency Government which amounts to 54 organizations. The research sampling takes all populations to be the samples. The Research Analysis Unit is the Officials of Financial Administration in the regional staff organization in the Deli Serdang Regency Government consisting of 54 people. The data collection method of the research was conducted by distributing questionnaires. The hypothesis testing was carried out using multiple linear regression analysis. The findings showed that the quality of human resource, information system of regional financial management and regional asset management simultaneously has significant effect on the quality of financial statement of regional staff organization. Partially, the quality of human resource and information system for regional financial management has significant effect on the quality of financial statement of regional staff organization. Meanwhile, the regional asset management does not have a significant effect on the quality of the financial statement of regional staff organization.

1 INTRODUCTION

(Law No 23 of 2014) and (Law No 33 of 2004), concerning regional government and central and regional financial balances, provide broad authority to regions to organize good and clean government. The delegation of authority is accompanied by the submission and transfer of funding, facilities and infrastructure, and human resources (HR) within the framework of Fiscal Decentralization.

The quality of financial statement can explain four qualitative characteristics of financial statement (reliable, relevant, understandable and comparable); i.e. financial statement that meets normative requirements in the presentation to local governments so that they can meet the expected quality.(Bastian, 2005) stated that the financial statement of the regional government is part of the financial reporting process that presents a structured financial position of transactions carried out by a regional government entity. The Financial Statement of Regional Government (LKPD) basically is a joint or consolidated result from the financial statement of Regional Staff Organization (OPD).

The quality of good financial statement requires the quality of human resource that can apply the accounting logic to the preparation of financial statement of regional government. The quality of human resource is the ability of human resources to carry out their duties and responsibilities with the provision of adequate education, training and experience (Husna, 2013).Furthermore, Werther and Davis in (Sutrisno, 2011)suggested that human resources are employees who are ready, capable, and alert to achieving organizational goals.

Based on preliminary observations of Human Resources in the Deli Serdang Regency Government, there were still agency employees,

who were in charge of the financial and asset sub-sections, especially those who held positions as Financial Administration Officers (PPK), were not supported by accounting education. This condition is contrary to good management principles that adhere to the principle of 'the right man in the right place'.

The Deli Serdang District Government has utilized a computer-based information system of regional financial management through financial applications made by the Financial and Development Supervisory Agency (SIMK) named the Information System of Regional Management (SIMDA) since 2014. By the use of SIMDA application, every financial management within the Deli Serdang Regency Government ran quickly in obtaining data; for instance, how much is the percentage of fund absorption for each activity in the Deli Serdang Regional Government from time to time. The final results of the information system of regional financial management can be in the forms required by regional organizational financial managers (OPD); among others, periodic reports and annual reports.

At the 2016 examination of Deli Serdang Regency LKPD by the Supreme Audit Agency of the Republic of Indonesia (BPK RI) from North Sumatra representatives, they still found a fixed asset inventory that was problematic and was not in accordance with government accounting standards in the OPD of Education Office, Public Works Agency and Spatial Planning and Office of Housing and Settlement Areas. The Head of Accounting Subdivision of the Regional Financial and Asset Management Agency of Deli Serdang Regency mentioned that the findings of the problematic inventory of assets in the OPD were land under the road and irrigation of the working area of Deli Serdang Regency which had not yet been certified and had poor asset order which means that the asset records still overlap among the OPDs.

2 RESEARCH METHOD

This research was conducted through a scientific approach using theoretical structures to construct one or more hypotheses that require quantitative testing and statistics. This research examines the Effect of Quality of Human Resource, Information System of Regional Financial Management and Regional Asset Management toward the Quality of Financial Statement of Regional Staff Organization (OPD) in Deli Serdang Regency Government. The authors applied causal research using quantitative

approach. Causal research is conducted to investigate causal correlation by observing the consequences that occur and the factors (causes) that cause the possibility of these consequences. In this research, the independent variable (cause) is the variable that affects dependent variable and vice versa (Sinulingga, 2017).

This research was conducted at the Regional Staff Organization (OPD) within the Deli Serdang Regency Government from March 2018 to June 2018. The research population was the Regional Staff Organization (OPD) within the Deli Serdang Regency Government which amounted to 54 OPDs. The research sampling applied the Census Method. Saturated sampling or census method is a sampling technique used when all members of the population are used as samples (Sugiyono, 2004).The research sampling took all populations as the samples as many as 54 respondents. The Research Analysis Unit is the Officials of Financial Administration (PPK) of OPD in the Deli Serdang Regency Government, amounted to 54 people.

2.1 Transforming Ordinal Data into Interval Data using the Method of Successive Interval (MSI)

(Erlina, 2011) mentioned that parametric statistical analysis requires at least an interval measuring scale. Meanwhile, field data is mostly in the form of data with ordinal measuring scales. Interval data occupies "higher" level of measurement of data than ordinal data because in addition to being multilevel, the sequence can also be quantified. Interval data has nominal (classification) and ordinal (sequence) characteristics. The advantage of interval data is that it can be compared in absolute terms, which is not owned by ordinal data. However, it does not have an absolute zero value as in the ratio data. Research, that uses regression, path analysis, or the similar things, requires data with the interval scale. However, most of the data we get through questionnaires has an ordinal scale. Therefore, to process it, the data must be increased to the interval scale first. One method of data conversion that is often used by researchers to increase the level of ordinal measurement into intervals is the Method of Successive Interval (MSI).

2.2 Multiple Regression Analysis

Multiple Regression Testing is carried out by applying a multiple linear regression equation test. Multiple linear regression analysis is a linear correlation between two or more independent variables (X1, X2, X3, X4, ...Xn) with the

dependent variable (Y). This analysis is carried out to determine the direction of the correlation between the independent variable and the dependent variable whether each independent variable is positively or negatively correlated. In addition, it functions to predict the value of the dependent variable if the value of the independent variable increases or decreases. The data used usually has interval or ratio scale. This model is used to test whether there is a causal correlation between the two variables to examine how much effect between the independent variables on the dependent variable (Quality of Financial Statement of Regional Staff Organization (OPD)). The equation of multiple linear regression used in this research is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Description:
Y = (Quality of Financial Statement of Regional Staff Organization (OPD))
A = Constants (Y value, if X = 0)
$\beta_1, \beta_2, \beta_3$ = Regression Coefficient
X_1 = Quality of HR
X_2 = Information System of Financial Management
X_3 = Asset Management
e = error term

2.3 Testing of Research Hypotheses

2.3.1 Simultaneous Hypothesis Testing (F-Test)

It is used to simultaneously determine the effect of independent variables consisting of the Quality of Human Resource, Information System of Financial Management and Asset Management which significantly affect the Quality of Financial Statement of OPD in Deli Serdang Regency Government with confidence level of 95% (α = 5% or 0.05).

The hypothesis model of the F-test includes:
a. If the significance value is > 0.05, H1 is rejected and H0 is accepted. It means that all independent variables do not have simultaneous effect on the dependent variable.
b. If the significance value is < 0.05, H1 is accepted and H0 is rejected. It means that all independent variables have simultaneous effect on the dependent or bound variable.

2.3.2 Partial Hypothesis Testing (t-test)

It is used to partially determine the effect of independent variables consisting of the Quality of Human Resource, Information System of Financial Management and Asset Management which significantly affect the Quality of Financial

Statement of OPD in Deli Serdang Regency Government with confidence level of 95% (α = 5% or 0.05). Test criteria based on probability are as follows:
a. If the probability (significance) > 0.05 (α), the independent variables individually do not affect the dependent variable.
b. If the probability (significance) < 0.05 (α), the independent variables individually affect the dependent variable.

2.3.3 Coefficient of Determination (Adjusted R^2)

The coefficient of determination (R^2) aims to measure to what extent the ability of the model to explain the variation of the dependent variable. The value of the coefficient of determination is between 0 and 1. The value of R^2 reflects the ability of independent variables to explain the very limited variation of the dependent variable. The fundamental weakness of the use of the coefficient of determination is the bias towards the number of independent variables in the model. Every additional 1 independent variable, the value of R^2 must increase no matter the variable has a significant effect on the dependent variable or not. Therefore, many researchers recommend to use Adjusted R^2 (Ghozali, 2006).

3 FINDINGS

3.1 Multiple Linear Regression Test

Regression analysis is used to determine the effect of the quality of human resource, information system of regional financial management and regional asset management towards the quality of financial statement. In this study, n = 54 at a significant level of 5% or α = 0.05.

Table 1: Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.293	.338	.489	.866	.390
Quality of Human Resource (X_1)	.423	.107	.251	3.944	.000
Information System of Regional Financial	.217	.100	.131	2.174	.034

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Management (X_2)					
Regional Asset Management (X_3)	.141	.123	.489	1.151	.255

Based on the above regression coefficient table, it produces the following multiple linear regression equation model:

$$Y = 0,293 + 0,423X_1 + 0,217X_2 + 0,141X_3$$

Based on the above regression coefficient table, it produces the following multiple linear regression equation model:

a. The constant value of 0.293 means that if the independent variable is zero (0), the variable value of the quality of the financial statement of the local government will increase by 0.293.

b. The regression coefficient of the quality of human resources (X1) is 0.423 (positive value). If other independent variables have fixed values and the quality of human resources has increased by 1%, the quality of financial statements has increased by 0.423. Positive coefficient means a positive or unidirectional correlation between the quality of human resources and the quality of financial statements. The better the quality of human resources, the better the quality of financial statements and vice versa if the quality of human resources is inadequate then the quality of the financial statements is also not good. This is based on the idea that in order to be able to produce quality financial statement, the quality of the people who carry out the tasks in preparing financial statements must be the main concern in which the employees involved in these activities must understand and master how the process and implementation of accounting is carried out based on the applicable provisions. If employees involved in the preparation of financial statements understand and master the processes and elements in the financial statements, the quality of financial statements will be good.

c. The regression coefficient of the information system of regional financial management (X2) is 0.217 (positive value). It means that if the other independent variables are fixed values and the information system of regional financial management has increased by 1%, the quality of financial statements has increased by 0.217. Coefficient is positive, meaning that there is a positive or unidirectional correlation between the use of information system of financial management and the quality of financial statements. The better the utilization information system of financial management, the better the quality of financial statements and vice versa. The worse the utilization of information system of financial management, the worse the financial statements. This is based on the idea that the existence of information system of financial management specifically designed for the process of preparing financial statements ranging from recording journals, ledgers to all financial reports has been systemized using computerization will reduce the level of errors in calculations and save time.

d. The regression coefficient of regional asset management (X3) is 0.141 (i.e. positive). It means if another independent variable has a fixed value and management of regional assets has increased by 1%, the quality of financial statements has increased by 0.141. Coefficient is positive, meaning that there is a positive or direct correlation between the regional asset management and the quality of financial statements. The better the regional asset management, the better the quality of financial statements and vice versa. The worse the regional asset management, the worse the quality of the financial statements. It is based on the obligation that preparing balance sheet as part of the government's financial statements, the recognition and presentation and disclosure of regional assets is the main focus. It is because the assets have very significant and very complex qualities. Administration and reporting of fixed assets is very meaningful for the fairness of financial statements so that the management of regional assets can improve reliability, reduce misrepresentation, reduce objectivity of information, prevent inconsistencies and facilitate the financial statement audit process which will ultimately improve the quality of financial statements.

3.2 Research Hypothesis Testing
3.2.1 Statistic F-Test (Simultaneous Significance Test)

Below is the result of a simultaneous test (F-test) on the quality of human resource, information system of regional financial management and regional asset management variables.

Table 2: Simultaneous Effect Test with F-Test

ANOVAᵃ

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	8.478	3	2.826	20.112	.000ᵇ
Residual	7.025	50	.141		
Total	15.503	53			

a. Dependent Variable: quality of financial statement

b. Predictors: (Constant), regional asset management (X3), information system of regional financial management (X2), quality of human resource (X1)

Based on the above results of the ANOVA test or F-test, the Fcalculate value is 20.112 at the level of α = 0.05 with the degrees of freedom of numerator df1 (k) = 3 (number of independent variables) and degrees of freedom denominator df2 (nk-1) = 50 then Ftable is 2.79. Based on the above results, Fcalculate 20.112 >Ftable 2.60 and p value with level of significant (α) 0.000 < 0.05. Therefore, it is concluded that the independent variables, consisting of the quality of human resource, information system of regional financial management and regional asset management have significant and simultaneous effect on the quality of financial statement.

3.2.2 t Statistic Test (Partial Significance Test)

The following presents the results of the partial test (t-test) on the quality of human resource, information system of regional financial management and regional asset management variables.

Table 3: Significance Test of Partial Effect (t-Test)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.293	.338	.489	.866	.390
Quality of Human Resource (X_1)	.423	.107	.251	3.944	.000
Information System of Regional Financial Management (X_2)	.217	.100	.131	2.174	.034
Regional Asset Management (X_3)	.141	.123	.489	1.151	.255

Coefficientsᵃ

a. Dependent Variable: Quality of Financial Statement

Based on the statistical t-test, it yields the following equation model:

$$Y = 0{,}390 + 0{,}000X_1 + 0{,}034X_2 + 0{,}255X_3$$

Based on the analysis, the following conclusions can be drawn:

a. The quality of human resource (X_1) has significance value of 0.000 < 0.05 which means that X_1 has a significant positive effect on Y and a $t_{calculate}$ of 3.944 > t_{table} 2.0086 which means that X_1 has an effect on Y. Based on the value, it is concluded that the first hypothesis accepted or explained that the variable quality of human resources partially affects the quality of financial statement.

b. Information system of regional financial management (X_2) has a significance value of 0.034 < 0.05, which means that X_2 has a significant positive effect on Y and $t_{calculate}$ 2.174 > t_{table} 2.0086 which means that X_2 affects Y. Based on the value, it is concluded that the second hypothesis is accepted or explained that the information system of regional financial management variable partially affects the quality of financial statement.

c. Regional asset management (X_3) has a significance value of 0.255 > 0.05, which means that X_3 has a positive but not significant effect

on Y and a $t_{calculate}$ of 1.151 <t_{table} 2.0086 which means that X_3 does not affect Y. Based on the value, it is concluded that the third hypothesis is rejected or explained that the regional asset management variable partially has no significant effect on the quality of financial statement.

3.2.3 Coefficient of Determination (Adjusted R2)

The following are the results of the coefficient of determination test:

Table 4: Coefficient of Determination Test

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739ᵃ	.547	.520	.3748423

a. Predictors: (Constant), regional asset management (X_3), information system of regional financial management (X_2), quality of human resource (X_1)

The overall regression analysis shows that Adjusted R Square is 52%. It means that the quality of human resource, information system of regional financial management and regional asset management variables can explain the variable quality of financial statement by 52% and the remaining 48% is affected by other variables.

4 DISCUSSION

4.1 The Effect of Quality of Human Resource toward the Quality of Financial Statement

The quality of human resource variable shows that it has a significant positive effect on the quality of financial statement. It can be seen from a significant value of 0.043 which is smaller than 0.05 and a $t_{calculate}$ greater than ttable i.e. 2.084 > 2.019. This result indicates that the quality of human resources is an important factor that can improve the quality of financial statements. In other words, the better the quality of human resources, the better the quality of financial statements.

If human resources understand the logic of accounting, the level of errors in the preparation of financial statements will be smaller. Thus, these financial statements can fulfill the information as expected and be able to improve the quality of

results and the availability of timely financial reports.

This finding is in line with research conducted by (Mahaputra, 2014) which found that the quality of human resources has a positive and significant effect on the quality of financial statements. However, it contradicts the research conducted by (Husna, 2013) on the Effect of Quality of Human Resources, Financial Supervision, and Government Internal Control Systems on Government Financial Reporting Values which explain that the variable Quality of Human Resources does not have a significant effect on the financial reporting value.

This finding is also in line with the direction of the Ministry of Home Affairs which stated that reliable HR is required to realize accountable government financial governance. In the future, it is necessary to strengthen the quality of human resources so that the people's desire to have a truly clean government can be achieved and obtain a reasonable opinion without exception (www.kemendagri.go.id, 2017). If HR understands regional government accounting, they are expected to be able to assist the financial reporting process so that they can produce reliable and timely financial reports.

4.2 The Effect of Information System of Regional Financial Management toward the Quality of Financial Statement

Information system of regional financial management variable indicates that it has a positive and significant effect on the quality of financial statement. This can be seen from the significant value of 0.043 which is smaller than 0.05 and the $t_{calculate}$ which is greater than t_{table} 2.084 > 2.019. This result indicates that information system of regional financial management is an important factor that can improve the quality of financial statements. In other words, the better the information system of regional financial management, the better the quality of financial statements.

Information system of regional financial management, that is specifically designed for the process of preparing financial statements starting from recording journals, ledgers to financial reports, has been systemized using computerization. It can reduce the level of errors in calculations and save time in the process of compiling. Therefore, the financial statements can fulfill the information as expected and be able to improve the quality of results and the availability of timely financial reports.

This finding is in line with the research conducted by (Yuliani, 2014) which found that the

information system of regional financial management has a positive and significant effect on public accountability. However, it contradicts the research conducted by (Diani, 2014) on the effect of understanding accounting, utilization of information system of regional financial accounting and the role of internal audit on the quality of local government financial statement who explained that the utilization of information system of regional financial accounting variable has no significant effect on the quality of financial statement.

This finding is also in line with (Government Regulation Number 56 of 2005) concerning Regional Financial Information Systems; the obligation of the central and regional governments to use the information system of regional financial management. The information system of regional financial management is expected to be able to assist the financial reporting process so that it can produce reliable and timely financial reports. Local governments are obliged to develop and utilize information systems for regional financial management to improve their ability in managing regional finance and channeling regional financial information to public services.

4.3 The Effect of Regional Asset Management toward the Quality of Financial Statement

Regional asset management variable indicate that it has a positive and not significant effect on the quality of financial statement. It can be seen from the significant value of 0.255 which is bigger than 0.05 and the $t_{calculate}$ which is smaller than t_{table} 1.151 < 2.0086.

Regional asset management has a positive and insignificant effect on the quality of local government financial reports because the Regional Staff Organization (OPD), as a the user, has not fully implemented regional asset management based on (Minister of Home Affairs Regulation No. 19 of 2016) for instance, land under the road or land used for irrigation has not been certified, the recording of assets is not in order which still overlaps between the OPD, asset maintenance is still minimal. As the results, many assets are damaged and not functioning properly. Thus, it affects the fixed asset values recorded in the balance sheet and is not in accordance with the actual conditions. It may lead to the decline in the quality of the financial statement of OPD in the regional government of Deli Serdang Regency.

This finding is in line with the research conducted by (Harahap, 2015) which found that the

regional asset management has a positive and insignificant effect on the value of local government financial reporting information. However, it contradicts the research conducted by (Anshari, 2012) on the effect of regional goods management on the quality of financial statement of Padang City Government which explained that the Inventory of Regional Property, Regional Property Assessment, Supervision and Control variables have significant effect on the quality of financial statements.

4.4 The Effect of Quality of Human Resource, Information System of Regional Financial Management, and Regional Asset Management Simultaneously toward the Quality of Financial Statement of OPD

The quality of human resource, information system of regional financial management and regional asset management simultaneously affect the quality of financial statement of OPD in Deli Serdang Regency Government. These research findings cannot be compared because there is no research that has the exact same independent and dependent variables.

5 CONCLUSIONS

Based on the research findings, after going through the stages of data collection, data processing, data analysis and finally the interpretation of data regarding the effect of quality of human resource, information system of regional financial management and regional assets management toward the quality of financial statement at Deli Serdang Regency Government, by using normally distributed data, there is no multicollinearity. Thus, the following conclusions can be drawn:

1. Based on the results of simultaneous data analysis, it was found that the quality of human resource, information system of regional financial management and regional asset management have significant effect on the quality of the financial statements of OPD at the Deli Serdang Regency Government.
2. The quality of human resource and information system of regional financial management have significant effect on the quality of financial statement of OPD at the Deli Serdang Regency Government.
3. Regional asset management does not have significant effect on the quality of financial report of OPD at the Deli Serdang Regency Government.

REFERENCES

Anshari, E. S. (2012) 'Pengaruh Pengelolaan Barang Milik Daerah Terhadap Kualitas Laporan Keuangan Pemerintah Kota Padang', *Universitas Negeri Padang*, pp. 1–18.

Bastian, I. (2005) *Akuntansi Sektor Publik* : Suatu Pengantar. Jakarta: Erlangga.

Diani, D. I. (2014) 'Pengaruh Pemahaman Akuntansi, Pemanfaatan Sistem Informasi Akuntansi Keuangan Daerah Dan Peran Internal Audit Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Empiris Pada Satuan Kerja Perangkat Daerah Di Kota Pariaman)', *Universitas Negeri Padang*

Erlina (2011) *Metodologi Penelitian*. Medan: Penerbit USU Press.

Ghozali, I. (2006) *Aplikasi Analisis Multivariate dengan Program SPSS*. Edisi 4. Semarang: Badan Penerbit Universitas Diponegoro.

Government Regulation Number 56 of 2005 concerning Regional Financial Information Systems

Harahap, A. J. (2015) *Analisis Faktor-Faktor Yang Mempengaruhi Nilai Informasi Pelaporan Keuangan Pemerintah Daerah Dengan Audit Internal Sebagai Variabel Moderating (Studi Empiris Pada Pemerintah Provinsi Sumatera Utara)*. Medan.

Husna, F. (2013) Pengaruh Kualitas Sumber Daya Manusia, Pengawasan Keuangan, Dan Sistem Pengendalian Imtern Pemerintah Terhadap Nilai Pelaporan Keuangan Pemerintah (Studi Empiris Satuan Kerja Perangkat Daerah Kota Padang Panjang), *Universitas Negeri Padang*, pp. 55–60.

Law No 33 of 2004 concerning Financial Balance between the Central Government and Regional Government.

Law No 23 of 2014 concerning Regional Government.. Jakarta.

Mahaputra, P. I. P. U. R. (2014) 'Analisis Faktor-Faktor Yang Memengaruhi Kualitas Informasi Pelaporan Keuangan Pemerintah Daerah', *E-Jurnal Akuntansi Universitas Udayana 8.2 (2014): 230-244*

Minister of Home Affairs Regulation No. 19 of 2016 concerning Guidelines for Management of Regional Property

Sinulingga, S. (2017) *Metodologi Penelitian*. Medan: USUpress.

Sugiyono (2004) *Metode Penelitian Bisnis*. Bandung: Alfabeta.

Sutrisno, E. (2011) *Manajemen Sumber Daya Manusia*. Jakarta: Kencana.

Kemendagri (2017) *Meraih Status Wajar Tanpa Pengecualian.* Available at: http://www.keuda.kemendagri.go.id/artikel/detail/34-meraih-status-wtp (Accessed: 29 September 2017).

Yuliani, N. L. (2014) 'Sistem informasi pengelolaan keuangan daerah dan penerapan anggaran berbasis kinerja terhadap akuntabilitas publik 1,2', *Syariah Paper Accounting FEB UMS, (2014),* pp. 301–312.