

The Influence of HR Competence, Reliability of Financial SIMDA and Leadership Style on the Quality of Financial Reporting of SKPK Simeulue Regency

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Abstract: The quality of financial reporting is a requirement that generally must be met in a financial report so that the resulting financial reports can ultimately be used as information by users in the decision-making process. The financial reporting of SKPK Simeulue Regency still found various irregularities that hindered the creation of quality financial reporting carried out by parties involved in the process of preparing financial reports. The purpose of this study was to determine the effect of human resource competence, financial SIMDA reliability and leadership style on the quality of SKPK financial reporting in Simeulue District. The sample used was 35 SKPK in Simeulue District. Data analysis used multiple linear regressions which was processed with the SPSS (Statistical Package For Social Science) program. The results showed that human resource competence, financial SIMDA reliability and leadership style jointly affected the quality of SKPK financial reporting in Simeulue District. Partially human resource competence has no effect on the quality of SKPK financial reporting in Simeulue District, the reliability of financial SIMDA has a negative effect on the quality of SKPK financial reporting in Simeulue District and leadership style has a positive effect on the quality of SKPK financial reporting in Simeulue District. This research gives the result that SKPK-SKPK leaders in the Simeulue Regency Government should be placed in terms of educational background that is in accordance with their fields and Financial Managers at SKPK Simeulue Regency Government should be placed from an educational background in Accounting.

Keywords: Human Resources Competency; SIMDA financial reliability; Leadership style; Financial Reporting Quality

Introduction

The quality of financial reporting is a requirement that generally must be met in a financial report so that the resulting financial reports can ultimately be used as information by users in the decision-making process. Parties that use information from government-generated financial reporting are used as a basis for decision making (Conceptual Framework 2018 Kaawaase and Nairuba, 2021). Information generated by financial reporting will be useful if the information can be understood and used by users and useful if users believe the information or in other words the information must have value (Suwardjono, 2013).

The preparation of government financial reporting is a response to public demands for the importance of accountability and transparency in the implementation of financial management, especially regarding state/regional rights and obligations that can be valued in money, with the enactment of regulations, namely Law Number 17 of 2003 concerning State Finance, Law no. 1 of 2004 concerning the State Treasury, Government of the Republic of Indonesia, 2009 concerning Government Accounting Standards. In the preparation of financial reporting as a form of accountability and transparency to the public in managing finances in an orderly manner, complying with laws and regulations that are efficient, effective and economically transparent and responsible and fulfill the principles of justice for society.

Financial reporting is also based on transparency, according to Mardiasmo in the book *Regional Financial Management* (2012: 19) cited by AS (2017) one of the characteristics of good governance used in public sector accounting sparked by the United Nation Development Program (UNDP) is the importance of transparency. Transparency is formed on the basis of the desire to obtain information. Information that is directly related to the interests of the community can be obtained by those who need it. This is to fulfill the basic needs of the community (the public) for government performance, namely the right to be informed, the right to be informed, and the right to have their needs heard (right to be heard and to be listened to).

Based on Government Regulation no. 8 of 2006 concerning Financial Reporting and Performance of Government Agencies in CHAPTER III components of financial reports that the financial statements of the central or regional government at least include budget realization reports (LRA), balance sheets, cash flow

reports (LAK) and notes to financial statements (CALK), while the financial reports of state ministries or institutions or SKPD at least consist of LRA, balance sheet and CALK.

Government financial reporting is said to be of high quality if it has the criteria and elements as stated in Government Regulation No. 71 of 2010 concerning Government Accounting Standards which are understandable, comparable, relevant and also reliable Korutaro Nkundabanyanga et al. (2013), reliability is not sufficient for decision making if the information is irrelevant (Cheung et al. 2016). Relevant is information that influences user decision making, evaluates past or present events, predicts the future, and confirms or corrects the results of previous evaluations. Reliability means that the information in the financial statements is free from misleading knowledge and material error, and that all facts are presented fairly and can be verified. Can be compared with the financial reports of previous periods or other government financial reports. Understandable in the sense that it can be understood by users, expressed in formats and terms that are within the limits of user understanding, and related information can be used and studied further.

Quality financial reporting states positive goals, especially when all parties involved comply with their duties resulting in quality financial reporting (Agbenyo et al. 2018). The risk of misrepresentation of financial reporting and/or loss of company assets, theft and mismanagement of important organizational documents that may be carried out by employees to take undue advantage, are issues that affect the process of preparing quality financial reports. The problem of incorrect and unreliable financial records is the most common thing that occurs in the public sector worldwide, especially in developing countries (Agbenyo et al. 2018).

Factors that support the quality of financial reports are accounting information systems, where financial reports are produced from a process that is based on good input, process and output that are both good. These three aspects must be integrated and sustainable as the basis for a good financial reporting system (Tambingon et al. 2018). The same thing was stated by Indra Bastian (2017) who said that so far public sector organizations in Indonesia generally produce quality accounting information that is not good, unreliable, and can only be used as material for consideration in decision making for the following period, the reporting period. This means that the accounting information produced by the government is not yet qualified.

The phenomenon of producing quality Simeulue Regency SKPK financial reporting, in other words, found various irregularities that hindered the creation of quality financial reporting carried out by parties involved in the process of preparing the financial reporting, including delays in reconciliation of the assets of schools under control of the education office, the inventory and valuation of land under the road and irrigation by the BPKD asset sector has not yet been carried out, the negligence of several regional apparatuses in carrying out financial reconciliation to the BPKD accounting sector is evidenced by a letter of warning 1 to 3 from the Regent of Simeulue who was given a time limit from Date February 14, 2022 to March 1, 2022. This has resulted in the data needed to prepare regional apparatus financial reports not being fully accommodated. Until the delivery of the Audited LKPDs to the Financial Audit Board (BPK) in Aceh Province, the intended SKPKs were not timely in submitting data that had to be consolidated into the Simeulue Regency LKPDs, so that in the end it affected the quality of SKPK financial reporting and of course the quality of reports. Regional Government Finance (LKPD) of Simeulue Regency. The following can be seen in the table of SKPKs that do not reconcile and incomplete data in submitting financial reports in a timely manner.

Several previous studies have shown that the quality of financial reporting is influenced by human resources according to research studies conducted (Kuasa et al. 2016). In the opinion of Malikah & Rani (2021) that human resource competencies can reliably manage finances and create quality financial reporting for all interested parties. In contrast to the results of research (Sholohah et al. 2019; Agustin et al. 2020) that the competency of human resources Harun (2021) apparatus competence does not affect the quality of financial reporting.

The quality of financial reporting is also influenced by the use of technology or regional financial simda according to research results (Diana et al. 2019; Mardinan et al. 2018; Hartono, 2020; Laila & Agustini, 2016) has a positive effect on the quality of financial reports as well as according to Ikyarti & Aprilia (2019) stated that the implementation of SIMDA had a significant effect on the quality of regional management information system financial reports. These results indicate that the better the implementation of the regional financial management information system, the better the quality of the financial reporting presented by the local government. There are other studies which state that the use of SIMDA does not affect the quality of financial reports (Fahrurrozi, 2019).

Furthermore, the quality of financial reporting is also influenced by the role of leadership style according to research (AS, 2017; Brammy Pandey, 2014; Mahlil M. Rizal Yahya, 2017; Basudewa and Asri Dwija Putri, 2020) on the application of regulations that support the performance of all regional apparatus of course will have an impact on the realization of the quality of financial reporting. Leaders have the authority and key to the success of regional financial management. A work group can be maximally successful, inseparable from the role of a leader in supporting the performance of his subordinates.

Based on the description of this background, that the process of preparing regional financial reporting in the Simeulue Regency SKPK environment still needs to be questioned for its quality and there are inconsistent research results from several previous researchers where several factors did not have a significant effect on the quality of financial reporting. Therefore, it is interesting to study further the influence of human resource competence, financial SIMDA reliability and leadership style in the SKPD of the Simeulue Regency Government whether it affects the quality of financial reporting or vice versa. These factors are internal factors that are directly related to the quality of financial reporting.

Literature Review

Decision-Usefulness Theory

Decision-Usefulness Theory is part of normative theory (Staubus, 2000). The decision usefulness paradigm was first used by Chambers. Decision-use theory covers the requirements of the quality of accounting information that is useful in decisions to be taken by users of accounting information. Decision making is the accounting objective of providing financial information about organizations is the premise of decision usefulness theory. One of the objectives of accounting is associated with stakeholders, namely providing financial information.

The application of Decision-Usefulness Theory is also applied to government entities by producing relevant and reliable accounting information. The decision usefulness approach is a historical cost-based approach to making financial reports more useful. The qualitative characteristics of accounting information are required in its use so that accounting information can be useful, namely information that is relevant and reliable. Relevant information is information that has the capacity to influence investor confidence regarding future returns, and should be released in a timely manner Puspitaningtyas (2010), whereas according to (IAI, 2015; Kaawaase & Nairuba, 2021; Cheung et al. 2016; Li & Wang, 2010) states that there are criteria for the main qualitative characteristics, namely: understandable, relevant (timeless), reliability, and comparable.

Government entities run two accounting reporting systems simultaneously, namely the budget execution system and the financial reporting system. However, in the context of public entities, the budget realization reporting system is more important because it is a contract between the community and the government rather than a financial reporting system. As additional evidence, there are no provisions governing contracts for operational reports, balance sheets, reports on changes in equity, and reports on cash flows between parliament and the government (Ritonga, 2020).

Financial Reporting Quality

The quality of financial reporting is defined as reports that are more complete, neutral and free from bias/error (Shuraki et al. 2021). According to Tambingon et al., (2018) quality financial reporting is financial reporting that meets qualitative characteristics, namely: understandable, relevant, comparable and reliable in financial reporting. By fulfilling the qualitative characteristics of financial reporting, it is expected that the accounting information presented and the objectives of financial reporting have been achieved. Qualitative characteristics are characteristics that make information in financial reporting useful to users (Budiandru & Isfa, 2018; Suryaningi, 2017), and can be used in decision making (Ismail and Agustina, 2016; Rafidah, 2014 and Fadilah, 2019).

The Effect of Human Resource Competence on the Quality of Financial Reporting

Human resource competence is one of the main strategies that link human resources (HR) with competency models whereas according to Rafidah (2014), Ihsanti (2014) human resource competence is the skill or ability of a person in an organization or institution to carry out their duties and authorities in achieving goals effectively and efficiently. In this case financial reporting is produced by competent human resources. The quality of financial reporting results from maximum human resource performance and also having good knowledge of their duties, for example good knowledge and mastering accounting standards which are the basis for preparing financial reporting (Puspita & Juliarsa, 2020).

Understanding of the quality of adequate human resources is important to support quality financial reporting. In producing quality financial reporting it is important to have human resources who understand accounting. But only a small number of employees in the finance department have good accounting skills. So that the competence of human resources greatly influences the quality of financial reporting.

H₂: Human resource competence influences the quality of financial reporting

The influence of the reliability of the Financial Regional Management Information System (SIMDA) on the quality of financial reporting

The development of fast information is urgently needed at this time, especially among local governments. Therefore, to meet the need for fast and accurate information for an entity, an application is needed that can process data into information as needed. The accounting information system is a component that collects, classifies, processes, analyzes and communicates financial information and makes decisions that are relevant to external and internal parties of the company. In addition, accounting is also an information system. The SIMDA application was developed by the Financial and Development Supervisory Agency (BPKP) and is known as the SIMDA Application. The SIMDA application is a database application that is useful for facilitating the performance of local government financial management within the Regional Work Unit (SKPD) environment (Budiman & Arza, 2013).

The quality of financial reporting can be improved by implementing a regional management information system which is later expected to be able to improve the performance of management in order to achieve the desired goals. In addition, with the implementation of SIMDA, financial reports are presented in a timely manner and financial information can be distributed to the public who need it.

H₃: SIMDA financial reliability affects the quality of financial reporting

The influence of leadership style on the quality of financial reporting

Leadership style is the overall pattern of a leader's actions, both visible and invisible to his subordinates according to Rivai Luthans (2019) in his book "Human Resource Management for Companies". Leadership style in an organization or government determines a person's power in identifying involvement in an area of the organization, therefore leadership style will create a sense of belonging to the work of the organization (Luthans, 2019).

The leadership style that exists within a person is very important in producing quality financial reports Luthans (2019), especially the leadership style in carrying out tasks by upholding the vision and mission that can direct us to the final result, namely quality financial reports that will be used by other parties for decision making.

H₄: Leadership style influences the quality of financial reporting

Research methods

Population and Research Sample

The population in this study is the district government SKPK. The sample of this study included 35 SKPK of the 45 SKPK in the Simeulue Regency Government, the entire group of people investigated totaled 105 respondents, consisting of SKPK Leaders, Head of Finance Subdivision and SKPK Expenditure Treasurer.

Variable Operationalization

This study uses three independent variables, namely human resource competence, SIMDA financial reliability, leadership style commitment, while the quality of financial reporting is the dependent variable in this study.

Analysis Method

The data collected from the results of the questionnaire will then be tested for quality using

test the quality of research data namely Descriptive Analysis, Multiple Linear Regression Analysis, Data Quality Test (Validity Test and Reliability Test), Classical Assumption Test (Normality Test, Heteroscedasticity Test and Multicolonearity Test) and Hypothesis Testing Design (Simultaneous Testing (F Test), Partial Test (T Test) and Coefficient of Determination (R²).

Results and Discussion

Table 1 shows that HR competencies have the lowest score of 2 and the highest score of 5 with an average value of 3.91 and a standard deviation of 0.465.

SIMDA financial reliability has the lowest score of 4 and the highest score of 5 with an average value of 4.27 and a standard deviation of 0.271. Leadership style has the lowest value of 3 and the highest value of 5 with an average value of 4.32 and a standard deviation of 0.405. The quality of financial statements has the lowest value of 3 and the highest value of 5 with an average value of 4.50 and a standard deviation of 0.337.

Table 1 Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
HR Competence	35	2	5	3.91	0.465
SIMDA reliability	35	4	5	4.27	0.271
Leadership Style	35	3	5	4.32	0.405
Financial Reporting Quality	35	3	5	4.50	0.337
Valid N (listwise)	35				

Instrument Testing Results

Testing the validity of the data in this study was carried out statistically, the results of all the variables used in this study were all declared valid, by comparing the value of r count and value of r table, it was known that $N = 35$ with a two-way distribution of 1% and 5%, so that r table was 0.430 with a significance 1% and the value of r table for a significance of 5% is 0.334, where $r_{count} > r_{table}$ is declared valid. Reliability testing in this study used Cronbach's Alpha for each instrument, that the instrument in this study was reliable because the alpha value was greater than 0.60.

Table 2 Reliability test results (Cronboach's Alpha)

NO	Variabel	Variable Items	Alpha value	Information
1	HR Competence	17	0,916	reliable
2	SIMDA Financial Reliability	11	0,964	reliable
3	Leadership Style	12	0,907	reliable
4	Financial Reporting Quality	14	0,876	reliable

Classical Assumption Testing

The normality test was carried out to find out whether in the regression model, the variables are normally distributed, the sig value on the normality test is $0.200 > 0.05$. In the one sample Kolmogorov-Smirnov test the variables that have asymp. Sig (2-tailed) above the significant level of 0.05 means that these variables have a normal distribution. The heteroscedasticity test in this study shows that the data is spread randomly, so it can be ascertained that there is no heteroscedasticity problem. The multicollinearity test was used to test whether the regression model found a correlation between the independent or independent variables. Based on Table 3, it is known "the basis for decision making for the multicorrelation test is: 1) if the VIF value < 10 then there are no symptoms of multicollinearity among the independent variables and 2) if the VIF value is > 10 then there will be symptoms of multicollinearity among the independent variables"

Table 3 Multicollinearity Test Results

Independent Variable	Tolerance	VIF	Information
HR Competence	0,835	1,198	There is no multicollinearity
SIMDA reliability Finance	0,675	1,480	There is no multicollinearity
Leadership Style	0,585	1,710	There is no multicollinearity

Multiple Linear Regression Analysis Test

Hypothesis testing is done to test and analyze the formulation of the hypothesis based on regression. This test is carried out in accordance with the hypothesis that has been formulated previously. Based on the results of a questionnaire that has been processed from 105 SKPK employee respondents.

Table 4 Multiple Linear Regression Analysis Test Results

Variable Name	Unstandardized Coefficients		t _{count}	Sig.
	B	Std. Error		
Constant (a)	4,250	0,643	6,613	0,000
HR Competence	0,001	0,122	0,009	0,993
SIMDA Financial Reliability	-0,352	-0,456	-2,429	0,021
Leadership Style	0,404	0,594	2,947	0,006
Correlation Coefficient (R)	= 0,513			
Coefficient of Determination R Square (R ²)	= 0,263			
F _{count}	= 3,693			
Sig.	= 0,000			
F _{table}	= 2,911			

In this study the number of variables was 4 with a total sample of 35 SKPK, then the Degree of Freedom (DF) 1 was $K-1 = 4-1 = 3$ and DF2 was $N-K = 35-4 = 31$. By looking at table F, the Ftable value is 2.911. Based on the results of data processing using the SPSS program as shown in Table 4.11, the multiple linear regression equation is obtained as follows:

$$Y = 4,250 + 0,001X_1 - 0,352X_2 + 0,404X_3 + \epsilon$$

Discussion

Effect of HR Competence, Financial SIMDA Reliability and Leadership Style on the Quality of Financial Reporting

The test results simultaneously (together) obtained a calculated F value of $3.693 > 2.911$ ($F_{count} > F_{table}$) then H_0 was rejected. This shows that there is an influence of HR competency, financial SIMDA reliability and leadership style on the quality of financial reporting.

Simultaneous test results show that HR competency, financial SIMDA reliability and leadership style on the quality of financial reporting have a joint effect on the quality of financial reporting of SKPK Simeulue Regency. This means that the quality of financial reporting can be achieved if SKPK has HR competence, reliability of financial SIMDA in accordance with applicable regulations, and has a good leadership style and is full of support in preparing financial reporting.

Effect of HR Competence on the Quality of Financial Reporting

The test results show that the regression coefficient value of the HR competency variable is $\beta_1 = 0.001$. Testing the hypothesis shows that $\beta_1 = 0$ then H_a is rejected, namely HR competence does not affect the quality of financial reporting at the SKPK of Simeulue Regency.

Based on the results of previous research and several theories that have been disclosed, differences were found from the results of this study, where there was no influence between the HR competencies available at the SKPK of the Simeulue Regency government on the quality of financial reporting. In accordance with the results of respondents' perceptions of SKPK HR competence of the Simeulue Regency Government, it was said that it was not good but not in line with the quality of financial reporting. This might have occurred due to a lack of priority for training provided by the Simeulue Regency Government, especially training related to accounting so that existing HR competencies did not affect financial reporting quality.

The results of this study are in line with the results of research conducted by Sholohah et al. (2019) and Agustin et al. (2020) that the competence of human resources Harun (2021) apparatus competence does not affect the quality of financial reporting.

Unlike the results of research from Pradnya Paramitha and Dharmadiaksa (2019), it shows that the higher the quality of human resources, the use of information systems, organizational commitment, the better the quality of local government financial reports, similar to Tanjung and Sonia's research (2021) concluded that the quality of human resources has a significant positive effect on the quality of local government financial reports both partially and simultaneously at the Cimahi City Government Regional Financial and Asset Management Agency (BPKAD) and Malikah and Rani (2021) concluded that human resources in the City Housing and Settlement Area Office Magelang is implemented fairly well in terms of the reliability of financial management and the timeliness of financial reporting.

The Effect of SIMDA Financial Reliability on the Quality of Financial Reporting

The test results show that the regression coefficient value of the financial SIMDA reliability variable (X_2) is $\beta_2 = -0.352$. Hypothesis testing shows that $\beta_i \neq 0$ then H_a is accepted, namely the reliability of financial SIMDA on the quality of financial reporting.

Based on the results of previous research and several theories that have been disclosed, differences were found from the results of this study, where there was a negative correlation effect between the reliability of the financial SIMDA available at the SKPK of the Simeulue Regency government on the quality of financial reporting. The higher the increase in the reliability of financial SIMDA, the lower the quality of financial reporting, because financial managers are required to understand changes that often occur in financial applications in a short time, thus hindering timeliness in submitting SKPD-SKPD financial reports in the Simeulue District Government, it is not impossible that the quality of reporting Finances will also decline. Different from the results of respondents' perceptions of the reliability of SKPK's financial SIMDA, quite good results were obtained, not in line with the quality of financial reporting, the presentation of which was not good enough, possibly due to the frequent changes in regulations on SIMDA so that users are required to be able to make adjustments and changes so that the delivery of financial reporting becomes hampered.

This is in line with the research of Budiman & Arza (2013) which concluded that the SIMDA application is a database application that is useful for facilitating the performance of local government financial

management within the SKPK environment. Implementation of financial SIMDA is a driving factor for the quality of financial reports to improve SIMDA implementation can increase data security, because only parties who have authority or authority can access information and allow users to access the information needed precisely and accurately (Diana et al. 2019). The entire process of generating data starting from collecting, storing and using data must run well so that the resulting data is of good quality (Alfian, 2016). Al-Hiyari et al. (2013), states that the data production process must run well in order to achieve quality results. However, it is not consistent with the results of research from Diana et al. (2019) SIMDA has a significant influence on the quality of financial reports in the South Nias District Government Work Unit, similar to research conducted by (Ikyarti & Aprilia, 2019, Wibawa et al. 2017) states that the implementation of SIMDA has a positive effect on report quality finance in the regional government of Seluma Regency and Buleleng Regency.

The Effect of Financial Leadership Style on the Quality of Financial Reporting

The test results show that the regression coefficient value of the internal control system variable (X3) is $\beta_3 = 0.404$. Hypothesis testing shows that $\beta_i \neq 0$ then H_a is accepted, namely leadership style on the quality of financial reporting.

Based on the results of previous research and several theories that have been disclosed, the results of this study show a positive correlation between the leadership style of the SKPK of the Simeulue Regency government on the quality of financial reporting. The higher the increase in leadership style, the higher the quality of financial reporting, indicating that the existence of a leadership style in the SKPK Simeulue Regency Government is very helpful in influencing and providing support to his subordinates to support the success of the process of preparing quality financial reporting.

In line with research conducted by (Wife et al. 2017; Sari, 2017; Mutiana et al. 2017); Rachmaliya & Efendy, 2017) regarding regional leadership style in relation to the quality of financial reports, with the results of the regional head's leadership style and accounting knowledge influencing the quality of regional financial reports.

However, it is inconsistent with the results of research from M. Uleng (2019) which states that high work pressure and the need to act independently lead to ineffective communication between superiors and subordinates in the process of preparing financial reporting, this can affect work stress which has a significant effect on the quality of financial reporting.

Conclusion

Conclusion Based on the results of the study and data analysis, the following conclusions can be drawn: HR competence, financial SIMDA reliability and leadership style show that there is a simultaneous influence on the quality of financial reporting at SKPK Simeulue Regency, HR competence does not affect the quality of financial reporting at SKPK Simeulue District, SIMDA financial reliability has a negative effect on the quality of financial reporting on the Simeulue District SKPK, leadership style has a positive effect on the quality of financial reporting on the Simeulue District SKPK.

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