



The Effect of Competency and The Implementation of Standard on The Quality of Financial Statement with Control System as A Moderating Variable

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Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh kompetensi sumber daya manusia dan penerapan standar akuntansi terhadap kualitas laporan keuangan dengan sistem pengendalian internal sebagai variabel moderating. Populasi penelitian ini adalah seluruh Koperasi Pegawai Republik Indonesia di Kabupaten Tegal sebanyak 72 koperasi. Sampel dipilih dengan metode purposive sampling dan diperoleh 31 koperasi yang menjadi objek penelitian. Metode pengumpulan data menggunakan teknik angket atau kuesioner. Metode analisis data menggunakan analisis uji selisih nilai mutlak dengan software SPSS versi 21. Hasil penelitian ini menunjukkan bahwa kompetensi sumber daya berpengaruh positif signifikan terhadap kualitas laporan keuangan. Sedangkan penerapan standar akuntansi tidak berpengaruh terhadap kualitas laporan keuangan. Sistem pengendalian internal mampu memoderasi pengaruh kompetensi sumber daya manusia terhadap kualitas laporan keuangan sedangkan sistem pengendalian internal tidak mampu memoderasi pengaruh penerapan standar akuntansi terhadap kualitas laporan keuangan. Simpulan dari penelitian ini adalah kompetensi sumber daya manusia merupakan faktor yang dapat mempengaruhi kualitas laporan keuangan. Selain itu, sistem pengendalian internal juga dapat memoderasi pengaruh kompetensi sumber daya manusia terhadap kualitas laporan keuangan.

Abstract

The study aims to examine the effect of human resource competence, the application of accounting standards and the variable moderating internal control system of the quality of financial reporting. Population of this study is a all KPRI in Tegal District amount 72 cooperatives. The sample was selected using purposive sampling method and obtained 31 cooperatives. Furthermore, the data is analyzed by absolute difference test with SPSS of 21 version. Results of this study indicates that competence of human resources influence positively on the quality of financial reports, but the application of accounting standard does not affect the quality of financial reports. In addition, internal control system is found to moderate the affect of human resources competency and quality of financial reports. However, internal control system fails to moderate the effect of human resources competency and quality of financial reports. Conclusion of this study is that board of human resources competency that affect of quality of financial reports. In addition, internal control system is found to moderate the effect of human resources competency and quality of financial reports.

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INTRODUCTION

Financial statement is an important tool for obtaining information in relation to the financial condition or position and results achieved by the company so that the information can be used as the basis for decision-making guidance as well as to show the stewardship of the management over the use of the resources entrusted to it. Financial statement is a product generated by the field or discipline of accounting where required competent human resources quality in order to produce good financial statements. Qualified financial report is produced from human resources which understand and compete in the field of accounting. Financial statement provide a variety of information summarized in a concise document, allowing stakeholders to get a thorough understanding of organizational goals and performance (Coy et al, 2001) in (Rixon, 2013). According to Wahyudin & Khafid (2013) a cooperative is a form of company or business entity established by a group of people with a view to improve the welfare of all of them. The purposes of establishing cooperative are to give satisfaction in meeting the needs of its members and to develop independent cooperatives ability to fund the business unit itself and to improve the welfare of community, which is achieved. KPRI is expected to increase its business with no fraud from any party, especially from management (Khafid & Nurlaili, 2017). Cooperative governance practices are primarily seen in stabilization and even increase environmental attraction through long-term investments (Lang & Roessi, 2013).

The quality of financial statements is the extent to which the financial statements presented by an organization describe the existing, true and honest conditions (Putri, Darmawan, & Werastuti, 2015). The quality of financial statements was reflected in the normative measures embodied in the accounting information in order to meet the objectives of the financial statement preparation. Reliable financial statements are met if in the preparation is spared from misleading notions and material mistakes, presentation of data honestly and correctly, and can be justified and verified. Professional cooperative management will be one of the benchmarks of whether the cooperative belongs to a healthy cooperative or not. A healthy cooperative will conduct management professionally in all areas including in finance (Khafid, 2010). Companies or business entities with high financial performance is certainly better known by the public. The company or business entity must be able to explain how the company earns such high returns (Aniktia & Khafid, 2015). According to (Royer, Bijman, & Ki, 2017) and (Chareonwongsak, 2017) cooperatives often show weak internal governance, poor management skills, and lack of financial resources. In addition, less conducive institutional environment is often referred to as one of the causes of the low performance of cooperatives.

The quality of qualified financial statements must pay attention to the provisions contained in SAK ETAP, among others: understandable, relevant, materialistic, reliable, substance outperform transactions, healthy considerations, completeness, comparable, timeliness, and balance between costs and benefits. The preparation of financial statement must meet the requirement for the purpose of preparing the financial statements is to provide information on the financial position, performance and information which useful for managers, cooperative members and other users in interpreting the situation in the management of cooperatives (PERMEN KEMENKUKM No 12 Tahun 2015).

Thousands of cooperatives that spread throughout the Central Java region both the district and city as many as 3.859 cooperatives from 28.460 cooperatives that spread in Central Java is declared already inactive (Okezone, 2017). In addition to the difficulty of developing, some cooperatives are considered fake. Many factors that cause it to happen, the factors driving the cooperatives such as suspended animation are cooperatives establishment regulation which is still loose but supervision is still lacking and business management.

Meanwhile in Tegal District where this research is conducted based on data obtained from the Office of Cooperatives and SMEs of Tegal District there are 575 units of primary cooperatives successfully established, 279 units of which are still active, and the remaining 296 are inactive. The primary cooperatives consist of 24 KUD and 551 non-KUD. In business development not only involve small entrepreneurs, but also medium and large entrepreneurs. From the number of 551 non-KUD, 71 cooperatives include cooperative employees or KPRI. Cooperative inactivity is influenced by several factors such as low performance in cooperative units, low quality of financial statements prepared, and low public interest to be active and become a member of the cooperative unit (PemKabTegal, 2017).

In research conducted by (Yendrawati, 2013) states that the increasing competence of human resources will have a positive impact on the quality of financial statements prepared. The findings are reinforced by (Sapitri, Purnamawati, & Sujana, 2015), (Rudianto & Siregar, 2012), (Purwanti & Kurniawan, 2013) who find that human resource capacity has a positive and significant impact on the quality of financial statements because of good human resource capacity, the timing of financial reporting can be efficient, effective and economical. This is because the human resources have already had the knowledge and understanding of the things that must be done, so that the financial statements prepared can be completed and presented on time. The faster the financial statements are presented the better in terms of decision making. The result was contrary to research conducted by Suliyantini (2016) which states that the competence of human resources does not affect to the quality of financial statements. This result was also in line with Akhmad Syarifudin (2014) who finds that human resource competence has no effect on the quality of financial statements compiled. And supported by research conducted by Inapty & Martiningrum (2016) who find that the competence of apparatus resources does not affect to the quality of financial statements prepared in local government agencies.

Research conducted in examining the quality of financial statements finds that besides influenced by human resource competence, the quality of financial statements can also be influenced by the implementation of accounting standards. Research conducted by Shulur (2013), Suliyantini (2016) who find that the implementation of accounting standard has a significant effect on the quality of the financial statements prepared. However, the differences in the results of research conducted by Inapty & Martiningsih (2016) which states that the implementation of accounting standards applied in government agencies has no effect on the quality of financial statements.

This study aims to determine the factors that affect management in improving the quality of financial statements, the factors include human resource competence and the implementation of accounting standards where the results of previous research, the factors are still inconsistent, therefore the researcher adds internal control system variable as a moderating variable. Internal control system is important in the company or business entity. Without a control system, it will be ensured the emergence of fraud acts that will result in losses to companies or business entities.

The theory underlying this research is the stewardship theory, which states that there is a strong relationship between the satisfaction and success of the organization. The success of the organization illustrates the maximization of group utility. This theory has a psychological and sociological basis designed where executives as stewards are motivated to act in accordance with the wishes of the principal, besides, steward behavior will not leave the organization because steward trying to achieve the target of the organization. Based on the stewardship theory, that when managers have a goal to prioritize mutual interests, then in its management is able to maximize performance, thus making employees motivated to give qualified services for the interests of the organization. The theory of accounting information usefulness that explains that the usefulness of accounting information decisions contains the components that need to be considered by accounting information presenters in order for the scope exists is able to meet the needs of the decision makers

who will use them. The quality of the usefulness of accounting information decision includes both primary and secondary quality. The primary quality of the usefulness of accounting information decisions are: the components of the relevant value, namely timeliness, feedback value, and predictive value and reliability components are: representational faithfulness, neutrality, and verifiability. Meanwhile, the secondary quality serves as a liaison between the primary quality of comparability and consistency.

Resource Based Theory explains that the company will excel in business competition and gain good financial performance by owning, mastering, and utilizing important strategic assets (tangible and intangible assets). Resource Based Theory is a growing thinking in the theory of strategic management and corporate competitive advantage that believe that companies will achieve excellence if they have excellent resources. Attitude theory explains the process of individual interaction or human behavior with the environment. Human behavior is an activity that arises because of the stimulus and response that can be observed either directly or indirectly. Human behavior can also be concluded is the result of all experiences and interactions that someone has made with the environment that materialized into a form of knowledge, attitude, or action.

Based on the phenomenon and research gap that has been described above, the existence of previous research that becomes the background on this research and supported the theories underlying and the factors that affect the quality of financial statements. Therefore, the researchers intend to examine the effect of human resource competence and the implementation of accounting standards to the quality of financial statements with internal control system as a moderating variable. The moderating variable serves as a determinant variable of the effect of independent variables on the dependent variable. The moderating variable may strengthen or even weaken the influence of independent variables on the dependent variable.

Preparation of good and qualified financial statements required human resources (HR) who understand and competent in the field of accounting and finance. The limited educational background of employees in field of accounting and finance makes the lack of understanding on the preparation of good financial statements and in accordance with accounting standard has been set. This condition leads to poor quality of financial statements prepared in which the information is made by the users of information to serve as the basis for economic decision-making and a description of the performance of the organization. This is in line with the stewardship theory, which explains that when managers have a goal to prioritize mutual interests, then in management is able to maximize performance, thus making employees motivated to give qualified services for the benefit of the organization. In addition, based on resource-based theory that is the theory of strategic management and competitive advantage of companies which believe that the company will achieve excellence if it has a superior resource. The higher the competency will be the higher the performance of the organization.

According to Sukidjo (2008) in (Subadriyah & Rohman, 2015) suggests that cooperatives with low quality of human resources (HR), prone to deviations, and poor supervision cause the performance of cooperatives to collapse and get negative stigma in society. The quality of financial statements will increase if supported by cooperative employees who understand the financial accounting standards, understand how the process and implementation of accounting standards that run with the applicable guidelines and provisions. Competition demands must be anticipated by the increased competence of human resources (HR). Irsani (2010) in Putri et al. (2015) the success or failure of the implementation of a financial management system is highly dependent on the competence of its managers.

H₁: The competence of Human Resources has a significant positive impact on the quality of financial statements

With the amendment to the revocation of PSAK No.27 on Accounting for Cooperatives, since January 1, 2011, the stipulation of Entity Financial Accounting Standards Without Public Accountability (SAK ETAP) which is used as guidance or reference for entities without public accountability and publish financial statements for general purpose for external users such as an indirect owner in the management of a business or a creditor. Due to the enactment of SAK ETAP indirectly cooperatives should also apply cooperative accounting with this guideline. At the same time, the government also issues the Regulation of the Minister of Cooperatives and Small and Medium Enterprises No.4 Year 2012 which has been replaced now by the Regulation of the Minister of Cooperatives and Small and Medium Enterprises No.12 of 2015 on General Guidelines of Accounting Cooperatives. These guidelines are also guidelines that must be complied with by cooperative enterprises in the preparation of financial statements.

The presentation of financial statement information under the terms of SAK ETAP which are qualitative characteristics of financial statements, namely: understandable, relevant, materiality, reliability, substance outperform form, healthy consideration, completeness, comparable, timeless and balance between cost and benefits. This condition is in accordance with the theory of the use of information where within the organization there must be a system which function is able to present the necessary information as a basis for decision-making. From this system produces information relevant with various forms of decision-making that are expected to be used.

Results of research conducted by Kusuma (2013) shows that there is influence between perceptions on SAK ETAP on the quality of cooperatives financial statements preparation. Research conducted by Based on the theory described and the result of previous research hence suspected the existence of positive relation between applying of accounting standard (SAK-ETAP) to the quality of financial report. In line with previous research conducted by Sudiarianti, Ulupui, & Budiasih (2015) also find that the application of accounting standards has a significant effect on the quality of financial statements.

H₂: The Implementation of Accounting Standard has a significant positive effect on the quality of financial statements.

A good internal control system will affect on the performance in the organization. Minimizing any act of deviation or fraud and reducing any improprieties in the preparation of financial statements. In the cooperative business entity, the level of vulnerability to the wealth owned both in its use is sometimes not appropriate. To overcome this problem, it is necessary to improve stewardship in terms of management as a controlling medium in cooperative activities, namely internal control system. A good internal control system should also be supported with good human resources as well, vice versa. If there are good human resources but the internal control system in the organization is still low will affect on the performance resulted including the preparation of financial statements.

The stewardship theory explains that human resources owned is not motivated by self-interest but rather prioritize the interests of the organization that will always maximize the competence in terms of completing tasks and functions for the achievement of organizational objectives. Other than that, attitude theory also supports the relationship of internal control which is able to moderate the effect of human resources competence and the quality of financial which in this theory is assumed that the behavior of humans is a response or reaction of a person to the stimulus that comes from within and outside of a person. Behavior given by a person is a reaction or response to experience and interaction that someone does to the environment, which also can be seen from the competence owned by someone.

Internal control system is one of the factors that affect the quality of financial statements. The better the internal control system of an organization the better the performance of the financial statements quality will be prepared. The research that has been done by Suliyantini (2016), Akhmad

Syarifudin (2014) find that the internal control system has a significant effect on the quality of financial statements.

H₃: Internal control system has a significant effect in moderating the effect of human resource competence on the quality of financial statements.

Internal control system is important in the company or business entity. Without a control system, it will be ascertained the emergence of fraud acts that will result in losses in the company or business entity. The structure of internal control is very influential on the quality of the cooperatives financial statements presentation by management. In relation between the implementation of accounting standards and internal control systems in the organization which if the organization has implemented a good financial accounting standards and supported with internal controls that have been good then the organization will have a good performance as well. If one of the two is not done well then it will affect the performance of an organization. The condition is in accordance with the theory of attitude and the theory of the usefulness of information that explains that one's behavior is an activity done by someone and the response can be observed either directly or indirectly, human behaviour is the result of experience and interaction done. The usefulness of this information decision contains the components that need to be considered by information publishers in order to produce and meet the needs of decision makers.

The higher the implementation of accounting standards that are supported by a good internal control system will also improve the quality of organizational performance which can be seen from the financial statements prepared. As the research has been done by Putri et al. (2015) who find that internal accounting controls affect to the quality of local government financial statements. Sutawan, Darmawan, & Yuniarta, (2015) and Sapitri (2015) also state the relationship between internal control and the quality of financial statements.

H₄: The internal control system has a significant effect in moderating the effect of the accounting standard implementation on the quality of financial statements.

Here is presented figure 1 empirical research model that shows the relationship between variables:

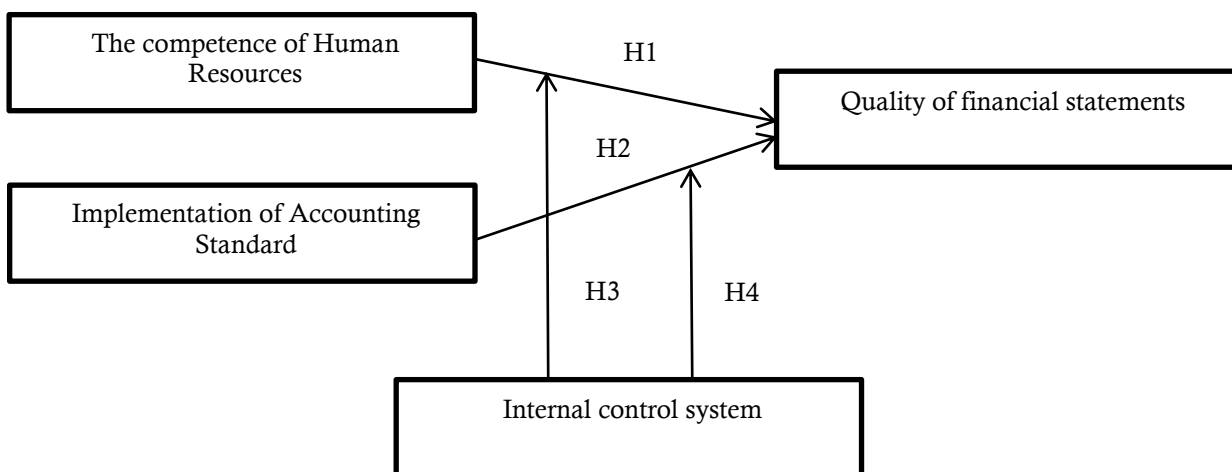


Figure 1. Theoretical Framework

METHODS

This research was a quantitative research with the population that was all KPRI registered in the Department of Trade, Cooperatives and SMEs in Tegal District as many as 72 cooperatives. Samples were chosen by using purposive sampling method with the following criteria:

Table 1. The Calculation of Research Sample

No.	Criteria	Beyond Criteria	Number
1	Recorded in the Office of Cooperatives and SMEs Tegal District		72
2	The cooperative which was active for the past one year	(12)	60
3	Having a Certificate (Administration) and a Legal Entity	(15)	45
4	Conducting Annual Budget Meeting (RAT) of last 2 years	(14)	31
	Total of cooperatives which became samples		31

Source: Primary data Processed, 2017

The explanation of the operational definition of each variable used in this study was presented in table 2.

Table 2. Operational Definition of Research Variables

No	Variables	Definition	Measurement Indicator
1	Financial Statement Quality (KLIK)	The extent to which the financial statements presented should be able to show the correct and honest information (Putri et al., 2015)	Likert Scale Measurement Indicator: Reliable, Relevant, Understandable, Can be compared. (Sudiarianti et al., 2015)
2	Human Resources Competency (KSDM)	Capacity that existed on a person required by work within an organization (Andini & Yusrawati, 2015)	Likert Scale Measurement Indicator: Knowledge, skill, attitude. (Sudiarianti et al., 2015)
3	Accounting Standard Implementation (PSA)	The use of a set of accounting standards that would provide investment facilities and economic decision making (Azis, Riyanto, Renaningsih, & Sriwahyuni, 2013)	Likert Scale Measurement Indicator: Presentation of financial statement, recognition, measurement. (Sudiarianti et al., 2015)
4	Internal Control System (SPI)	Accounting information systems applied by companies in achieving organizational goals. (Putri et al., 2015)	Likert Scale Measurement Indicator: Control environment, risk assessment, control activities, information and communication, monitoring. (Sudiarianti et al., 2015)

Source: Primary data processed, 2017

Technique of data collection in this research was conducted by using questionnaire. The analysis technique used in this research was multiple regression analysis and moderation testing used the test of absolute value difference with the fulfilment of validity test, reliability test and classical assumption test using SPSS version 21 software.

RESULTS AND DISCUSSIONS

Validity test was used to detect whether the questionnaire used as a measuring tool of research variable was able to measure substantive specs that were indicators of the variables studied (Wahyudin, 2015:113). This study used correlation test between question item scores and the total score of constructs / variables. If the value of significance was below the alpha value (0.05) then the question was declared valid. Based on the validity test, it was obtained the result that on each variable showed the significance value of all question items was below the value of alpha (0.05) so that all question items of each variable could be used in the research. Reliability test was a measuring tool used to measure the questionnaire has been providing consistent total measurement from time to time. Reliability test in this research used was one measurement test (one shot measure). Reliability test could be done by cronchbach's alpha test. Variable was said to be reliable when cronchbach's alpha produced value > 0.70 (Wahyudin, 2015:116). Based on the reliability testing, it showed that on each variable was known value of cronbach's alpha above 0.70 so it could be concluded that all of the research variables were reliable and could be used in the research. Descriptive statistical analysis was used to provide a statistical overview of the dependent variables, independent variables, and moderating variables in this study. Here was the result of descriptive statistics:

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
KLK	31	63	98	76.55	7.861
KSDM	31	49	76	60.52	6.688
PSA	31	49	64	57.26	4.690
SPI	31	50	83	66.06	8.226
Valid (listwise)	N 31				

Source : Primary Data Processed, 2017

The result of classical assumption test showed that Asymp.Sig (2-tailed) value on the normality test was $0.764 > 0.05$. The VIF value of each variable in the multicollinearity test showed a value less than 10 and had a tolerance value greater than 0.10. For heteroscedasticity test by using Glejser test none of the independent variables which statistically significant influenced dependent variable of absolute value. It could be seen in the probability of its significance was above the 5% confidence level then it could be concluded that the model was free from the problem of classical assumptions. This study has fulfilled the requirements of all classical assumption test. Adjusted R^2 value was 0.870. This meant that 87% of the variable of financial statements quality was influenced by the variables of human resource competency, the implementation of accounting standards and internal control system, while the remaining 13% was explained by other variables outside the model. The summary of the hypothesis could be seen in table 4.

Table 4. Hypothesis Test

No.	Hypothesis	Coefficient Beta	Sig	α	Result
1	H ₁ : Competence of human resources had a positive and significant effect on the quality of financial statements	4.040	0.000	0.05	Accepted
2	H ₂ : The implementation of accounting standard had a positive and significant effect on the quality of financial statements	0.081	0.785	0.05	Rejected
3	H ₄ : Internal control system was influential in moderating the competence of human resources to the quality of financial statements	-4.094	0.005	0.05	Accepted
4	H ₅ : Internal control system influenced in moderating the implementation of accounting standards to the quality of financial statements	0.443	0.446	0.05	Rejected

Source: Primary Data Processed, 2017

The result of the research showed that the competence of human resources had a positive and significant effect on the quality of financial statements (H1 was accepted). This was in line with the stewardship theory which explained that human resources owned was not motivated by self-interest but rather prioritized the interests of the organization that would always maximize the competence in terms of completing tasks and functions for the achievement of organizational objectives. The preparation of good and qualified financial statements was required human resources (HR) who understood and competed in the field of accounting and finance. The quality of financial statements would increase if supported by cooperative employees who understood the financial accounting standards, understood how the process and implementation of accounting standards that run with the applicable guidelines and provisions. Financial statement was products produced by human resources. Therefore, to improve the quality of financial statements required competent human resources in the field of accounting. Descriptive statistical result that could be seen in table 3. showed that the overall average competence of human resources of the cooperatives in Tegal district was 60.52 which was included in the category of good meaning that employees of the financial department had good knowledge, skill, and behaviour (attitude). Besides, the descriptive results of the financial statement quality was in good category as well. It supported that good human resource competence would support and influence the quality of financial statements prepared.

The result of this study was in line with the research conducted by Sapitri et al. (2015), found that there was the influence of human resources competence on the quality of financial statements on savings and loan cooperatives in Buleleng District. Andini & Yusrawati (2015) also found that there was an influence of competence on the quality of local financial statements in the district of Empat Lawang South Sumatra. Similar result was presented by Khalid (2016) said that the competence of human resources significantly affected on the quality of financial statements on SKPD of Polewali Mandar District. Roviyantie (2011) found that the competence of human resources significantly influenced on the quality of financial statements in the OPD of Tasikmalaya District. Other than that, Yendrawati (2013) in her research on the financial manager in Yogyakarta Special Region Social Service found a significant positive effect of human resource competence on the quality of financial statements.

The result of the research showed that the implementation of accounting standards did not affect to the quality of financial statements (H2 was rejected). This was not in accordance with stewardship theory in which the stewardship theory which explained about the management situation was not motivated by the particular purpose of the individuals, but rather aimed at the goals or objectives of the organization. The stewardship theory assumed that the steward acted according to the principal, in addition the steward strived to achieve its organizational goals and had a goal to prioritize common interests, then in the management of the organization or company was able to maximize its performance in accordance with the rules or guidelines have been set.

The result of descriptive statistics that could be seen in table 3. showed that the overall average of accounting standards implementation in Tegal district was 57.26 which was included in the high category meaning that cooperatives in Tegal District especially KPRI has been good in applying the guidelines of accounting standards but needed to be recalled that there were still many cooperative employees with non financial / accounting background. It was alleged that the implementation of standards that have been applied in the cooperative was not able to improve the quality of financial statements due to lack of understanding of cooperative management about accounting science led to the implementation of standards less running optimally and had a significant effect on the preparation of financial statements prepared.

The result of this study was not in line with the research that has been done by Shulur (2013) found that variable of accountancy standard implementation had a significant positive effect to the quality of financial statement at UMKM in Bandung City. Kusuma (2013) stated that the implementation of government accounting standards and the quality of financial statements on SKPD / OPD of Tasikmalaya City government. This research was in line with the research conducted by Inapty & Martiningsih (2016) which stated that the implementation of accounting standards had a significant effect on the quality of financial statements on the governing body of NTB Province. The result of the research showed that the internal control system was able to moderate the influence of human resources competence on the quality of financial statements (H3 was accepted). This was in accordance with the theory of attitude supported that which in this theory was assumed that the behaviour of humans was a response or reaction of a person to the stimulus that came from within and outside of a person. According to Wernerfelt (1984) in Subadriyah & Rohman (2015) Resource Based Theory explained that company would excel in business competition and gain good financial performance by owning, mastering and utilizing important strategic assets (tangible and intangible assets). In these theories, it was assumed the existence of a link between competence of superior and good human resources possessed by business entities such as cooperatives supported also by the existence of a good internal control system would also improve the performance of cooperatives and improving the quality of the financial statements resulted. The test result was not in line with the research undertaken by Inapty & Martiningsih (2016) who found that the internal control system was not able to moderate the influence of apparatus competence on the quality of the financial statements produced in the NTB Provincial SKPD. Khalid (2016) found that the internal control system was not able to moderate the influence of human resources competency variable on the quality of financial report in SKPD Polewali Mandar District.

The result of the research showed that the internal control system was not able to moderate the effect of accounting standard implementation on the quality of financial statements (H₄ was rejected). This was not in line with stewardship theory which explained about the management situation was not motivated by the particular purpose of the individuals, but rather aimed at the goals or objectives of the organization. The stewardship theory assumed that the steward acted according to the principal, in addition the steward strived to achieve its organizational goals and had

a goal to prioritize common interests, then in the management of the organization or company was able to maximize its performance.

Not influential of the fourth hypothesis was also evidenced by the average condition of the financial statements quality in Tegal District that could be seen in table 3. amounted to 76.55 in which the category was still in a state of not yet optimal. In the result of research that had a good internal control system but the quality of financial statement was still low and apply a good accounting standard. The situation was suspected to be a factor in which control system variable was not able to moderate the relationship between the implementation of accounting standards to the quality of financial statements. In addition, the implementation of accounting standards that have been applied to the cooperative, but if not supported by cooperative management which was lacking in the understanding of accounting / finance then in the application of standards would occur nooptimization in the implementation.

The test result was in line with the research undertaken by Khalid (2016) which found that the internal control system was not able to moderate the effect of accounting standard implementation variable to the quality of financial statements in the SKPD of Polewali Mandar District. Meanwhile, the internal control system was able to moderate the influence of the use of information technology on the quality of the financial statements. The test result was in line with the study Inapty & Martiningsih (2016) which found that the internal control system was unable to moderate the effect of accounting standard implementation and on the quality of the financial statements produced in the NTB Provincial SKPD.

CONCLUSIONS

The results of this study indicate the competence of human resources have a significant positive effect on the quality of financial statements. While the implementation of accounting standards does not affect to the quality of financial statements. Internal control system is able to moderate the influence of human resource competence on the quality of financial statements. However, the internal control system is unable to moderate the effect of applying the accounting standards to the quality of the financial statements. Suggestion for further research is to use additional data retrieval techniques such as interviews to get more in-depth information about cooperative information. However, it should be realized in this study can occur multicollinearity between independent variables. Researchers can then analyze the relationship of competence of human resources and the implementation of accounting standards to the quality of financial statements by presenting internal control system as an intervening variable.

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