

THE INFLUENCE OF HUMAN RESOURCE COMPETENCIES, INTERNAL CONTROL SYSTEMS, INFORMATION TECHNOLOGY UTILIZATION, AND SUCCESSFUL IMPLEMENTATION OF FINANCIAL INFORMATION SYSTEMS ON THE QUALITY OF FINANCIAL REPORTS AT RURAL BANKS (BPR) IN TEGAL CITY.

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ABSTRACT

This study aims to examine the effect of Human Resources Competence, Internal Control System, Information Technology Utilization, and Successful Implementation of Financial Information Systems on the Quality of Financial Statements at Banks (BPR) Tegal City. This research uses Quantitative, the data used are primary and secondary data. Population size of 8 BPR Banks Tegal City. Sampling this research was done using saturated samples. The analysis technique used is multiple linear regression analysis, t test, f test and the coefficient of determination. The results showed that Human Resources Competence, Internal Control System, and Information Technology Utilization had a positive effect on the Quality of Financial Statements at Banks (BPR) Tegal City. Conversely, the Successful Implementation of Financial Information Systems does not have a positive effect on the Quality of Financial Statements at Banks (BPR) Tegal City.

Keywords: *The influence of Human Resources Competence, Internal Control System, Information Technology Utilization, and Successful Implementation of Financial Information Systems on the quality of Financial Statements at Banks (BPR) Tegal City.*

A. Introduction

The progress of the banking industry is inseparable from the progress of the commercial world as a whole. Business entities that accept public savings deposits and lend them out in various ways to improve people's lives are called banks, according to Banking Law No. 10 of 1998. The role of the national banking public sector is decisive. The collapse of the banking business is not only detrimental to the banking world. The bigger impact is the cessation of real sector life due to the reduced supply of funds from the banking world to companies engaged in the business world, ranging from trade, industry, livestock, companies, finance, and other businesses also experiencing bankruptcy (Amin, 2019).

Bank Indonesia, the Department of Cooperatives, and the Department of

Pawnshops oversee various financial entities, including banks and non-banks. According to Law Number 10 Year 1998 on

Amendment to Law No. 7 of 1992, commercial banks and BPRs are the two main types of bank financial institutions. Commercial banks and BPRs have the option to base their operations on Islamic banking practices or on more traditional banking principles.

Rural banks are financial institutions that operate on a traditional or sharia-compliant basis and do not engage in payment processing. Time deposits, savings, or similar products are the only forms of deposits that can be accepted by BPRs. According to Widayastuti and Yuliandari (2019), small businesses and communities in rural areas are the main targets of BPR commercial efforts.

**Table 1.1 Fund
disbursement in the region
pekalongan in 2022**

No.	Type of Distribution	Total Distribution
1	Commercial Bank	45.40 Trillion (97.73%)
2	BPR Tegal City	2.55 Trillion (5.27%) 14.77 Trillion (30.52%)
	Total Distribution	48.40 Trillion

In addition, the Tegal Financial Services Authority (OJK) noted that after the COVID-19 pandemic, the economic growth rate in Tegal City had increased in 2022. Reflected in the positive growth rate in banking assets of 9.03% yoy, third party funds grew 3.51% yoy, lending grew 8.71% yoy. According to the statement of the Head of OJK Tegal, in 2022, banks in the ex- Karesidenan pekalongan had disbursed loans of Rp.

48.40 Trillion or 94.73%, while the remaining BPR amounted to 2.55 Trillion or 5.27%. The largest distribution portion was in Tegal City Rp. 1477 Trillion or 30.52% (TribunJateng.com.2023).

How well an organization leverages its information system technology to make its products and services user-friendly is a good indicator of how well its overall business is performing. The accounting information system of a company is one example of an information system. A computerized system that helps businesses gain an edge in the market is an accounting information system (AIS). Its purpose is to organize financial data and other information gathered from processing and collecting transactions so that decisions can be made more efficiently and effectively. In terms of the efficiency of the company's financial performance and management performance, which in turn reveals the company's overall performance,

accounting information systems are invaluable (Saputri et al., 2023). This system helps in planning, controlling, analyzing, reporting, and decision making.

If implemented properly, an organization's internal control system can detect and prevent fraud and error within acceptable limits. Yohanes (2015) citing Purwono (2004). The objective of the internal accounting process is to ensure that the financial statements are presented in an acceptable manner.

accurately, which is something that everyone expects. Having enough people is no guarantee of accurate financial reporting (Sa'adah & Sitawati, 2017), especially if there is no solid SPI. Accounting and the presentation of financial statements are both heavily influenced by technological developments. Regional financial management can become more efficient and productive with the help of information technology. The revision of PP No. 65 of 2020, previously PP No. 56 of 2005, mandates that all government agencies use the latest IT to encourage the creation of capable regional financial governance and communicate the results to relevant parties to facilitate informed decision making. - creation (Government, 2010).

Based on the background and phenomena that exist in the Agency, researchers are interested in conducting research entitled "The Effect of Human Resource Competence, Internal Control System, Information Technology Utilization, and Successful Implementation of Financial Information Systems on the Quality of Financial Statements at Rural Banks (BPR) Tegal City".

The formulation of the problem posed in this study is whether the quality of financial statements of Rural Banks (BPR) Tegal City is

influenced by the internal control system, human resource competence, the use of information technology, and the successful implementation of financial information systems. While the purpose of this study was to determine whether the quality of financial statements at Rural Banks (BPR) Tegal City was influenced by the competence of human resources, internal control systems, the use of information technology, the successful implementation of financial information systems.

B. LITERATURE REVIEW

Agency Theory

Agency theory refers to a legal framework in which one or more actors appoint another party, the agent, to carry out day-to-day business operations (Jensen & Meckling, 1976). Hendriksen and Breda, (1991) suggest that there is a relationship between two individuals where one becomes the principal and the other becomes the agent. The principal assigns certain tasks to the agent, then the agent agrees to carry out these tasks by giving some consideration to the principal. In the company, management acts as an agent and shareholders have a person as a principal. are referred to as information reviewers and decision-making is taken by their agents. The information reviewer has the responsibility to select the information system.

Quality of Local Government Financial Statements

The quality of products, services, human resources, processes, and the environment that meet or exceed expectations is a dynamic situation (Tjiptono & Chandra, 2016: 115). According to Syukron & Kholil, (2013: 46) quality is traditionally the basis of the view

that products and services must meet the requirements of those who use them.

The financial statements of a company or government agency are reports that are intended to disclose information about the state of performance, according to Hidayat (2018). According to this authority, financial reports are very important to explain the performance of government agencies and the existing financial situation.

Quality of Human Resources

Human Resources (HR) are people who work for a company, as described by Nurillah (2014). The capacity to produce professional services and economic benefits is the core of human capital, which consists of individual knowledge, skills and competencies.

The definition of human resources put forward by Edy Sutrisno (2017: 3) is as follows: "Personnel are unique among resources because they have emotions, desires, abilities, information, motivation, authority, and ability to work (ratios, tastes and intentions). Each of these human resource possibilities affects how well the company performs in achieving its goals." Based on the definition given, it can be concluded that human resources are assets that have both tangible and intangible qualities, such as knowledge, motivation, and ability to work to achieve common goals.

Internal Control System

To build sufficient trust in a company to achieve a goal, leaders and all workers must always implement an internal control system, which is an important procedure that is part of every action or activity (Ikriyati & Aprilia, 2019).

Organizational strategies and procedures to keep assets safe, provide reliable data,

increase productivity, and meet management policy requirements are part of the internal control system (Indriasih., et al., 2022). The main reason for implementing internal control is to ensure the implementation of objectives and reduce the number of unforeseen hazards.

Information Technology Utilization

According to Husna (2017), data processing technology can be interpreted as the acquisition, compilation, storage, and manipulation of data in order to produce high-quality data that is relevant, accurate, and timely; this data can then be used to improve the quality of data. strategic decision-making in personal, corporate and governmental contexts.

The government assists its apparatus by utilizing information technology to help them provide high-quality services to the public (Ioka & Handayani, 2020). information technology can be used as a communication tool to disseminate information in addition to being used to process and store data (Wiranto 2020).

Successful Implementation of Financial Information Systems

Enterprise information systems consist of personnel, computers, networks, data sources, policies, and procedures for storing, retrieving, changing, and separating information. According to O'brien and Marakas (2014), people rely on information systems to communicate with others through various physical devices (hardware) that process information and provide instructions.

To transform financial transaction data into useful financial information, the accounting information system brings together a number of interrelated subsystems and components, some physical and some not. To

help users make better decisions with less uncertainty, accounting information systems collect and transform accounting data from various sources (Susanto, 2008: 72).

C. RESEARCH METHODS

Type of Research

Quantitative methodology forms the basis of this research. Population studies often use a quantitative approach, a school of thought in research rooted in positivism. The purpose of quantitative data analysis is to test hypotheses (Sugiyono, 2021: 2). The questionnaire is the main tool for collecting data from both the population and the sample in this study.

Population and Sample

In this study, questionnaires were used as a primary data collection tool for populations and samples. according to Sugiono (2019: 126). The population used in this study amounted to forty people from nine different BPR companies in Tegal. These people work in the financial field of BPR Tegal City and are responsible for (1) human resources, (2) accounting planning and reporting, (3) information technology, (4) general secretariat, and (5) administration amounted to 40 populations from 8 BPR companies in Tegal City.

Table 2
BPR TEGAL CITY

No.	Bank Name
1	PT Bank Perkreditan Rakyat (BPR) Tegal City (Perseroda)
2	Bank Bahari
3	BPR WM Tegal
4	BPR Hidup Artha Putra
5	BPR Central Artha- Premium Branch
6	PD BKK Tegal Barat Hik Bahari
7	BPR Binsani Tegal
8	PT BPR BKK Tegal Barat

Source: data processed, 2024

The techniques used in this study were saturated and total samples, where the entire population was considered as one unit, were used in the sampling procedure of this study. Forty people, representing the broad population, were sampled for this study.

Table 3
Sample list

No.	Bank Name	Sample Quantity
1	PT Bank Perkreditan Rakyat (BPR) Kota Tegal (Perseroda)	5
2	Bank Bahari	5
3	BPR WM Tegal	5
4	BPR Hidup Artha Putra	5
5	BPR Central Artha- Premium Branch	5
6	PD BKK Tegal Barat Hik Bahari	5
7	BPR Binsani Tegal	5
8	PT BPR BKK Tegal Barat	5

Source: data processed, 2024

The employees consist of (1) human resources staff (2) accounting planning and reporting staff (3) information technology staff (4) general secretariat staff (5) administrative staff, and the sample size is 40

(five from each of the eight organizations), as shown in the table above.

Data can be collected using four different techniques: observation, interviews, questionnaires, and documentation. You can mix and match these techniques. The data analysis procedures used include t test, F test, coefficient of determination, classical assumption test (normality, multicollinearity, heteroscedasticity), and instrument test (validity and reliability).

D. DISCUSSION

The Effect of Human Resources Competency on the Quality of Financial Statements

Human Resources Competence (X1) has a t value of 4.711 and a t table value of 2.021, this shows that the t value is higher than the table value according to the study. With a significance level below the 5% threshold (0.000), Human Resources Competence (X1) has a positive effect on the Quality of Financial Statements (Y). This gives credence to the idea that the theory holds water. The simple reason is that there is a positive and statistically significant relationship between HR competency (X1) and Y on the quality of financial statements.

Possible results of the application of Fadilah's theory (2019) The human resources of a company are said to be of high quality if the workers have the education, training, and experience to successfully complete all assigned tasks. In addition, the quality of human resources used is an important component in producing regional financial reports that can be relied on by clients. The real implications of this study make us wonder how the quality of BPR human

resources impacts the accuracy of the financial statements prepared by the Rural Banks (BPR) of Tegal City. The quality of human resources should be directly proportional to the strength of the relationships between them. To make it easier for trained human resource professionals to comply with all applicable rules when preparing high-quality financial statements.

The Effect of Internal Control System on the Quality of Financial Statements

For the Internal Control System variable (X2), the t-count value of 2.333 is greater than the t-table value of 2.021 based on research findings. A significant value below the 5% level (with a cutoff of 0.026) indicates that the Internal Control System (X2) has a good effect on the Quality of Financial Statements (Y). This makes us believe that the theory is correct. The reason is because X2, Internal Control System, has a good and large effect on Y, Quality of Financial Statements.

Implications for the theory as stated by Astari et al. (2023) Any business of value will have an internal control system to oversee all moving parts. With the help of the internal control system, the organization will be able to foster a disciplined work environment for its personnel. Because all results are monitored and considered to have honest and accountable information, the company will be able to produce quality financial reports with a good control system.

This study has practical implications that all BPRs in Tegal City should improve their internal control systems to ensure high quality financial reports. To achieve organizational goals and regulatory requirements through efficient and effective activities related to the quality and accuracy of financial reporting,

policy makers should ensure the forms and methods used by all employees and leaders to understand sustainability.

The Effect of Information Technology Utilization on the Quality of Financial Statements

Results research show that the variable Utilization of Technology Information Technology Utilization variable (X3) has a t value of 3.711 greater than the t table value of 2.021. The significant value is smaller than the 5% level by adopting a limit of 0.001, indicating that IT utilization (X3) has a positive effect on Y on the quality of financial statements. This makes believe that the theory

is correct. This is because the quality of financial statements (Y) is influenced by IT utilization. by positively and significant by the utilization of information technology (X3)

The implications of the theory as stated by Riyanti and Widiastuti (2020) In particular, this situation requires recording and documenting transactions and making financial reports, all of which can be facilitated by utilization of technology. Information can be generated faster and more precisely with the use of IT.

The findings of this study have real implications for improving the quality of financial statements produced by Banks (BPRs) in Tegal City through the widespread use of information technology. With the use of IT, all BPRs in Tegal City were able to prepare financial reports much faster than before, as well as more consistent in documenting, administering, and processing financial transaction data. As a result, BPRs' financial accounting processes have become more accurate and reliable, with a financial

management approach that can identify and minimize errors in BPRs.

The Effect of Successful Implementation of Financial Information Systems on the Quality of Financial Statements

Based on the results of the study, it shows that the variable Successful Implementation of Financial Information Systems obtained a t value of -1.086 with a significance value of 0.285, meaning that the t value shows a negative direction or value that variable X4 does not have a unidirectional relationship with Y and the significance value is greater than 0.05. Thus, it can be concluded that the hypothesis is rejected. Because there is no effect of Successful Implementation of Financial Information Systems (X1) on the Quality of Financial Statements (Y).

Based on the research results, the t value of the Financial Information System Implementation Success variable (X4) is -1.086 and the t table value is 2.021, then $t_{count} < t_{table}$. By using the limit of 0.285, the significance value is greater than the 5% level. This means that there is no significant effect of the Successful Implementation of Financial Information Systems (X4) on the Quality of Financial Statements (Y).

Capabilities company to integrate, develop, and utilize resources and competencies flexibly in the face of environmental changes. In the context of implementing financial information systems, dynamic capability can be interpreted as the company's ability to adapt and utilize information technology and financial information systems to create added value and improve the quality of financial statements. With a focus on the firm's ability to respond to market changes

and opportunities through the application of information technology, this theory can help in understanding how information systems are utilized.

Finance can be a source of sustainable competitive advantage for companies (Teece, Pisano, & Shuen, 1997).

E. CONCLUSIONS AND SUGGESTIONS

Summary

There are several kinds of conclusions:

1. The Tegal City Rural Bank (BPR) case study shows that human resource competence improves the quality of financial statements.
2. In the Tegal City Rural Banks (BPR) case study, the quality of financial statements was positively influenced by the internal control system.
3. In the Tegal City Rural Bank (BPR) case study, the application of information technology contributed to improving the quality of financial statements.
4. In the Tegal City Rural Banks (BPR) case study, there was no impact on the quality of financial statements from the successful implementation of financial information systems.

Advice

Based on the existing conclusions, following suggestions can be considered:

1. The high quality of financial statements is associated with the level of knowledge of human resource competencies of BPR Tegal City. Ultimately, the goal is to facilitate the preparation of high quality financial statements by businesses by maintaining or improving the understanding of financial statements

necessary to properly produce reports in accordance with standards.

2. The Internal Control System of BPRs in Tegal City has a major impact on the reliability of financial reporting, based on these findings. The success of BPRs in Tegal City depends on the ability of leaders and staff to keep things running smoothly so that the organization can achieve its goals and comply with regulations, while producing quality financial reports.
3. The use of IT has a major impact on the accuracy of the financial statements prepared by the City Rural Banks (BPRs). Tegal, based on these findings. Organizational performance will be more effective and efficient when BPRs in Tegal City are able to keep up with technical changes, especially those related to the use of information technology.
4. Compliance with financial statement quality is not affected by the successful implementation of financial information systems. This may be due to the fact that the installed information system has little or no effect on the financial statements, as there are other factors that significantly affect financial management, such as competent individuals who input and output data for the financial statements. Every BPR in Tegal has implemented an information system, but the quality of the resulting financial statements depends on the competence of its users.
5. Because the research focused on the Rural Banks (BPR) of Tegal City, the findings obtained may not apply to other institutions or research objects. Future researchers are encouraged to consider other places or objects as a benchmark.
6. In order for research to advance and help organizations run more efficiently and effectively, future research should investigate additional characteristics that are believed to be related to the quality of financial statements at Rural Banks (BPRs).

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