Determinants of the Quality of Government Financial Reports
(Study in Villages in North Belopa District)

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Article Info	Abstract
	This study analyzes the factors that influence the quality of village government financial reports in North Belopa District, focusing on HR competency and leadership style using a quantitative approach. Data were collected through questionnaires from 39 respondents who were fully selected, and analyzed with SPSS. The results show that the quality of financial reports is influenced by HR and effective leadership style to improve transparency and accountability of village financial reports.

INTRODUCTION

The village government is a reporting entity that is required to prepare financial reports for accountability. Efforts to realize transparency and accountability in village financial management are carried out by submitting accountability reports in the form of financial reports for village funds and village fund allocations. In physical development, namely infrastructure and non-physical, namely social development, the community is influenced by the existence of village funds. In reality, there are still many deviations that often

occur. Deviations occur due to various factors originating from individuals and the social environment. The main cause of deviations is internal factors (individuals), lack of moral awareness. Moral awareness plays an important role in shaping individual behavior to comply with social rules and not to commit deviations. One case of embezzlement of village funds that occurred was carried out by a former village head named Marjono in Luwu Regency, South Sulawesi, who became a suspect in corruption of village funds in 2019, 2020 and 2021 due to falsification of accountability reports, resulting in state losses of Rp. 389,000,000 (Ariadi: 2023)

The purpose of village financial reporting is a form of accountability of the institution for the use and management of resources owned in a certain period and as an evaluation tool because it provides information on financial position and shows the performance that has been carried out, and becomes a consideration in making economic decisions for the village head himself and other stakeholders.

The benefits of village financial reporting are to find out the level of effectiveness, efficiency, and benefits of economic resource management by the village in 1 budget year; to find out the village's net worth up to the last position of the reporting period; as a tool for evaluating the performance of village officials; as a means of controlling the possibility of misuse or deviation in financial management; as a real manifestation of the implementation of the principles of transparency and accountability mandated by law.

Transparency and accountability in village financial reports are shown in the comparability of financial reports against the budget, between periods, and between villages (SAP, 2010). Law Number 6 of 2014 concerning villages explains the transparency of village financial management assisted by guidance and supervision from the government. Financial reports exist and are prepared to provide effective and relevant information regarding financial transactions and all economic activities carried out by a reporting entity. Regarding the low accountability of village funds, a technology-based financial application or system was created and requires all villages to implement it.(Wisang & Mitan, 2023).

According to(Wiwik, 2020) Human resources are individuals who are able to work as driving forces for the organization and function as assets that must continue to develop their capacity..(Arief & Nisak, 2022)states that competence is an ability based on skills and knowledge supported by work attitudes. So it is necessary for competent human resources in the organization because of their ability to complete tasks efficiently, effectively, and economically. Quality financial reports are produced by competent human resources (HR) in the field of financial management. HR must have competence in accounting in making financial reports in accordance with government

accounting standards so that the financial reports have good quality. Financial reports will be good if human resources demonstrate competence through abilities, skills, and positive attitudes in financial management and financial reporting. The village government really needs village officials who are competent in accounting with the aim of maximizing the quality of the results of village financial reports(Setiawan & Nurkhin, 2024)

The importance of human resource competence in preparing financial reports in line with research and decisions taken by the entity will be more valuable if reported on time. The quality of financial reports is influenced by the ability of human resources. Attitude, responsibility, training, and experience are indicators of a person's competence in preparing good financial reports.(Setiawan & Nurkhin, 2024)which proves that the higher the quality of employees, the better and higher quality the level of financial reporting will be.(Siti Hamidah et al., 2024)also stated the same thing that with good competence can play a role in the preparation of accounting so that it can affect the quality of its financial reports. To carry out the process of preparing financial reports, human resources are needed who are prioritized to have an accounting background, following training that ensures the accounting function runs well(Wisang & Mitan, 2023).

The application of Accounting Standards in the management of Village Funds is indeed very important(Sukardi, 2021). Government apparatus who are entrusted to serve the community, both directly and indirectly, must realize that they are required to understand that excellent service is the key to good public service. A good leader must have a leadership style that is able to motivate its members to achieve common goals. Therefore, a good understanding of financial reports and resource management by leaders is very necessary to achieve village goals.(Enpalgetsi et al., 2024). Some regional heads have the ability to lead their regions with their own leadership styles, which bring the region to a more advanced direction.

The ability of leaders to lead public sector organizations is an important factor for employees or subordinates to optimize performance in providing quality and informative financial report information for the public.(Sukardi, 2021)interpreting a good and correct leadership style, then it is able to improve the quality of work. Meanwhile, according to(Ismail, 2024)leaders in the public sector tend to have strong characteristics in leading large organizations with funds that exceed to be handled. Therefore, the possession of charisma and leadership capabilities are crucial to move the organization in achieving the ultimate goal as a protector of the nation.

Law number 6 of 2014 requires villages to run their own government and take care of the interests of the local community. Based on the justification given, it is necessary to conduct further research on human resources and leadership

style on the quality of village government financial reports. Therefore, this study aims to determine, test and explain the financial reports prepared by quality village governments.

RESEARCH METHODS

The type of research uses a quantitative approach. Quantitative data is data obtained in the form of numbers, so that it can be processed using mathematical formulas or can be analyzed using a system. According to(Sugiono, 2020). Quantitative method is a method based on the philosophy of positivism, which is used to research a certain population or sample, data collection using research instruments, statistical research data with the aim of testing research hypotheses.

Population is an area consisting of objects or subjects that have certain qualities and characteristics that are obtained by researchers who study them and then draw conclusions.(Sugiono, 2020). The population used in this study were all village officials consisting of 6 village offices located in Luwu Regency, North Belopa District.

Samples are part of the population. The number of samples to be taken by the researcher is 39 people who are part of the Village apparatus in Luwu Regency, North Belopa District. The sampling technique in this study uses the full sampling technique, namely the sampling determination technique when all members of the population are used as samples.

Quantitative approach is a research used to examine a certain population or sample and sampling with data collection using instruments, data analysis is statistical. This research was conducted at the Village Office throughout the North Belopa sub-district.

Sample Selection Criteria

No	Village	Amount
1.	Spongy	7
2.	Lebanon	6
3.	Lauwa	6
4.	Paconne	7
5.	Lamunre	7
6.	Central Lamunre	6

		39

The data sources used in this study are primary data which are data obtained from original sources or data obtained directly from research subjects, both individuals and groups. The method of data collection is by distributing questionnaires containing several statements designedto measure the variables studied, each variable is measured using a 5-point Likert scale, with a range of answers from "Strongly Disagree" to "Strongly Agree." This scale was chosen because it allows researchers to capture variations in the intensity of respondents' attitudes and perceptions of the issues studied in order to be in accordance with the objectives of the study and is distributed through an open questionnaire, namely a questionnaire that gives respondents the freedom to answer questions or statements made by researchers and is given directly to respondents. In order to obtain accurate data and information.

After that, the data obtained is processed using the SPSS version 26 application program, including validity tests, reliability tests, classical assumption tests (normality), descriptive tests as data validity techniques and multiple linear regression, t-tests and f-tests, as hypothesis testing. Thus, to find out the extent of the development of financial reports in Luwu Regency, in order to produce quality financial reports for the future.

RESULTS AND DISCUSSION
A. Research result
1. Descriptive Test

The number of samples in the study was 39 respondents. Of the 39 questionnaires, 39 (100%) were used in this study. This is because all questionnaires were returned and no questionnaires were missed. The following is a descriptive statistical table of several variable results calculated using the SPSS27 program.

Table 1. Results of Descriptive Statistical Analysis Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
HR	39	24.00	35.00	30.94	2,752
Leadership Style	39	18.00	25.00	23.15	1,828
Quality of Financial Reports	39	56.00	75.00	67.00	6,278

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Valid N (listwise)	39				

Source: data processed by SPSS 27

Based on table 1. can be seen in the descriptive test of the research results as follows. First, Human resources data has a minimum score of 24 and a maximum score of 35. The average score is 30.94 with a standard deviation of 2.752. A fairly large standard deviation indicates a large variation from the lowest and highest values for variable X1. Second, Leadership style has a minimum score of 18 and a maximum score of 25. The average score is 23.15 with a standard deviation1,828.A fairly large standard deviation indicates a large variation from the lowest and highest values for variable X2. Third, the quality of financial reports has a minimum score of 56 and a maximum score of 75. The average score67.00with standard deviation6,278. A fairly large standard deviation indicates that there is a large variation between the lowest and highest values for variable Y.

2. Validity Test

Validity test is a procedure used to determine whether a questionnaire is valid or not. A questionnaire is considered valid if the questions are able to reveal the purpose of the questionnaire. Validity test can be seen in the corrected item-total correlation column, this value is then compared with the r table value sought at a significance of 0.05 with a 2-sided test.

The r table value is calculated using df (degree of freedom) analysis, namely with the formula df = nk where n is the number of respondents and k is the number of independent variables used. An instrument is said to be valid if the correlation value r> r table, conversely an instrument is said to be invalid if the correlation value r count < r table. Thus, the df value = 39 (nk = 39-2) = 0.316. The results of the validity test for each variable are shown in the following tables:

Variables	Item	Rcount	rtable
HR	X1.1	0.680	0.316
	X1.2	0.698	0.316
	X1.3	0.623	0.316
	X1.4	0.602	0.316
	X1.5	0.797	0.316
	X1.6	0.734	0.316
	X1.7	0.680	0.316
Leadership Style	X2.1	0.834	0.316
	X2.2	0.799	0.316
	X2.3	0.693	0.316

	X2.4	0.653	0.316
	X2.5	0.620	0.316
Quality of Financial Reports	Y1.1	0.691	0.316
	Y1.2	0.795	0.316
	Y1.3	0.795	0.316
	Y1.4	0.635	0.316
	Y1.5	0.763	0.316
	Y1.6	0.797	0.316
	Y1.7	0.666	0.316
	Y1.8	0.829	0.316
	Y1.9	0.789	0.316
	Y1.10	0.789	0.316
	Y1.11	0.789	0.316
	Y1.12	0.793	0.316
	Y1.13	0.784	0.316
	Y1.14	0.622	0.316
	Y1.15	0.725	0.316

Based on table 2, it is known that the variables of Human Resources (X1), Leadership Style (X2), and Financial Report Quality (Y) above, it can be concluded that all statement items for each variable are declared valid. This can be seen from the significance value for each statement on each variable 0.05 then the statement is said to be valid.

3. Data Reliability Test Results of Variables

Reliability test is a tool to measure a questionnaire which is an indicator of a variable. A questionnaire is reliable if a person's answer to a statement is consistent or stable over time. To measure reliability with the Cronbach Alpha statistical test. A variable is said to be reliable if it gives a Cronbach Alpha value >0.60.

Table 3. Reliability Test Results

Variables	Cronbach's Alpha	Information
HR(X1)	0.813	Reliable
Leadership Style(X2)	0.771	Reliable

Financial Report Quality(Y)	0.944	Reliable

Source: Data processed by SPSS26

Based on the table above, it can be seen that Human Resources, Leadership Style, and Quality of Financial Reports have a reliability status. This is because the Cronbach alpha value of the variable is greater than 0.60. This condition also means that the variable can be used in further analysis.

a. Normality Test

The normality test aims to test whether in the regression model, the interfering variables or the second resi have a normal distribution or not. The normality test in this study uses the Kolmogorov-Simirnoff test processed with SPSS version 27. The conclusion of the normality results can be seen, namely, if the significance value is >0.05, then the data is stated to be normally distributed and if the significance value is <0.05, then the data is stated to be normally distributed.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		39
Normal Parametersa,b	Mean	,0000000
	Std. Deviation	5.73322533
Most Extreme	Absolute	,124
Differences	Positive	,124
	Negative	-,110
Test Statistics		,124
Asymp. Sig. (2-tailed)		,135c,d

Based on the table above, it shows that the significance value of 0.135c,d is greater than 0.05 so it can be concluded that the data of the three variables tested are normally distributed.

b. Multiple Linear Regression Analysis

Multiple linear regression is used in this study to test the hypothesis that links the influence of human resource variables (X1) and leadership style (X2) both separately and together on the quality of financial reports (Y).

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\mathcal{E}$$

Information:
Y: Financial Report
X1   : Human Resources
X_2 :StyleLeadership

α: Constant (value   Y if $X_1, X_2 = 0$)

β1, β2,: Regression coefficients (increase or decrease values)

Ɛ : Standard Error

Table 5. Summary of Test ResultsMultiple Linear Regression

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$		
Variable Coefficientt-statisticSig*		
Constant22,6361.3270.193		
HR		,4851,3910,173
Leadership Style		1,2672,4140,021
N = 39		
R2 = 0.166		
Adj. R2 = 0.120		
F-Statistic = 3.588 Sig. = 0.038b		
The Dependent Variable is the Quality of Financial Reports while the Independent Variables are Human Resources and Leadership Style.		
*significance at α = 0.05		
$X_1$is human resources;X_2 is a leadership style;Yquality of financial reports;**α**is a constant,$\beta_1$and β_2 regression coefficients for independent variable items		

$$Y = 37.968 + 0.084X1 + 1.119X2 + (1)$$

From the multiple linear regression equation above, it can be concluded as follows: The constant of 22.636 states that if the value of the human resources variable (X1) and leadership style (X2) is 0 (zero), then the quality of financial reports in villages in North Belopa sub-district is 22.636 which is expressed in percent.

1. The regression coefficient of human resource variable (X1) on the quality of financial reports of 0.485 implies that, every 1% increase in human resources (X1) will increase the quality of village financial reports in North Belopa sub-district by 0.485 or 4.85%. This indicates that the better the human resources are on the indicators of financial report quality.

2. The regression coefficient of the leadership style variable (X2) on the quality of financial reports of 1.267 states that every 1% increase in leadership style (X2) will increase the quality of village financial reports in North Belopa sub-district by 1.267 or 2.67%. This shows that the leadership style is getting better on the

indicators of financial report quality.

To ensure that the results of this method are truly valid, this method is equipped with several methods to test the hypothesis, including the partial test, simultaneous test, and coefficient of determination test (R2).

a. Partial Test (t-Test)

The significance test of individual parameters (statistical t test) is intended to see whether individual variables have an influence on dependent variables assuming other independent variables are constant. The test criteria are as follows.

1. If t count > t table or p-value(sig) < α (0.05) then Ho is rejected and Ha is accepted. So that the independent variables individually have an effect on the dependent variable.
2. If t count < t table or p-value (sig)> α (0.05) then Ho is accepted and Ha is rejected. So the independent variables individually do not affect the dependent variable.

Hypothesis proof is done by using t-test, and the test results can be seen from the coefficients table in the t and sig columns. and the t-table value is 1.688 (df = 36 (nk-1 = 39-2-1)). By using a significance of 5%, the t-test results can be seen in table 10. Based on the data in table 10, it can be explained using the following significance test.

a. The significant value of human resources on the quality of village financial reports is 0.173, so it is not significant above 0.05. The t-value is 1.391 <1.688 t table, so it is concluded that there is a positive and insignificant relationship between the Human Resources variable and the quality of village financial reports. So the hypothesis proposed in this study is rejected.
b. The significant value of Leadership Style on the quality of village financial reports is 0.021, so it is significant above 0.05. The calculated t value is 2.414> 1.688 t table, so it is concluded that there is a significant positive relationship between the Leadership Style variable and the quality of village financial reports. So the hypothesis in this study is accepted.

b. Simultaneous Test (F Test)

Based on the results of the table above, it can be seen that the F count value is 3.588. Next, the F count will be compared with the F table, if the F count > F table then human resources and leadership style have a simultaneous effect on the quality of village financial reports. At the α = 0.05 level with the degree of numerator / df1 (k) = 2 (number of independent variables) and the degree of denominator (nk-1) = 37, the F table is 3.25. Thus, the F count value (3.588) < (3.25) and with a sig. (.038) < (0.05). Therefore, human resources and leadership

style simultaneously have a positive and significant effect on the quality of village financial reports.

c. Coefficient of Determination Test (R2)

Based on the table above, it states that the R square point is around 0.166 or 16%. These results prove that the quality of village financial reports in North Belopa District can be explained by independent variables, namely human resources and leadership style by 16.6%, while 83.4% is explained by factors outside this study

B. DISCUSSION

1. The Influence of Human Resources on the Quality of Financial Reports

The results of the linear regression analysis show that the coefficient for the human resource variable is 0.485 with a significance value of 0.173, this indicates that human resources have a positive but insignificant effect on the quality of financial reports in villages throughout the North Belopa sub-district. In other words, there is no effect of human resource competence on the quality of financial reports. This study is in line with the findings(Animah et al., 2020)states that human resource competence does not affect the quality of financial reports.(Ziqry & Nurabiah, 2024)also stated that in addition to the support of respondent answer analysis, this study is also supported by the characteristics of respondents based on the number of courses/training in the field of regional financial management accounting that they have attended, which still shows that there are still respondents who have never attended courses or training.

The results of this study are in accordance with previous research.(Shinta et al., 2020)And(Yusuf et al., 2023)which states that there is a lack of employees with an educational background in accounting and a lack of employees who have attended training in economics, so that human resource competence has a positive and insignificant effect on the quality of regional government financial reports. The results of this study are in line with the results of previous research by(Merlyn, 2020)This is because even though various training and socialization have been carried out, financial managers who have participated in the training and socialization have been transferred.

2. The Influence of Leadership Style on the Quality of Financial Reports

In the regression analysis, the leadership style variable has a coefficient of 1.267 with a significance value of 0.021, which shows that leadership style has a significant and positive influence on the quality of financial reports. This study is in line with the findings.(Kotta et al., 2024), who in his research found that

leadership style has an influence on financial reports.The results of this study are also in line with the explanation that leadership is an individual attitude that is able to direct and influence others to complete the work or responsibilities of a group or government institution. The leadership style of a superior has a major impact on the attitudes and actions of members in an agency or group, so that it also affects the performance or work results obtained by the members being led.

The results of this study are in accordance with the results of previous studies which stated that the relationship indicated by the regression coefficient is positive, meaning that the better the Leadership Style, the more Employee Performance will increase.(Asmar et al., 2022). This result is in line with agency theory.(Irayana & Putri, 2024)states how leaders use the principles of Good Governance as a framework for making decisions. The government's financial performance will be affected by the right election. With the principles of Good Governance, leaders have a basis for making decisions that impact financial performance.

CONCLUSION

Based on research that has been conducted using the tests explained previously, the following conclusions can be obtained:

1) Human resources on the quality of village financial reports in North Belopa sub-district have a positive but insignificant effect. This indicates that there is a lack of human resources who understand and master accounting science in regional financial management as well as shortcomings in the use of accounting information systems and are still in the training stage.

2) Leadership style on the quality of village financial reports in North Belopa sub-district has a positive and significant effect. This proves that the better the leadership style, the better the quality of financial reports.

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