THE EFFECT OF HUMAN RESOURCES COMPETENCY AND THE IMPLEMENTATION OF THE REGIONAL FINANCIAL ACCOUNTING SYSTEM TOWARD THE REGIONAL FINANCIAL STATEMENT QUALITY

(AT THE REGIONAL FINANCIAL UNIT IN SALATIGA CITY)

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INTRODUCTION

Every country, including Indonesia, must have a good implementation of governance principles (Good Public Governance - GPG). A reform in changing regulation of state finance in order to establish good governance in Indonesia has been done since the government set the law (*Undang-Undang* - UU) on state finance, which is UU No. 17 of the year 2003 about state finance, UU No. 1 of the year 2004 about state treasury, and UU No. 15 of the year 2004 about checking management and responsibility of state finance. Good government is a government that manages to run the task as well as possible and builds the country or the region in accordance with the planned objectives. To achieve these objectives, every government should be able to manage existing resources in the country or region. One of the most important resources is finance (Kusuma, 2008). In addition, GPG is also necessary in order to achieve national objectives, which is protect the entire nation and land and to promote public welfare, to educate the nation, as well as to participate in maintaining the world order based on the state sovereignty, eternal peace and social justice (National Committee on Governance Policy -KNKG 2010).

In order to achieve these objectives, the government needs competent and capable human resources to implement a good financial accounting system, therefore, the government can get the good quality of the financial statement. Based on that argument, the government uses an accounting system that used in recording and reporting. Central Government Accounting System (*Sistem Akuntansi Pemerintah Pusat* - SAPP) is a manual and/or computerized procedure, starts from data collecting, recording, and reporting the financial position and financial operation of central government. Salatiga government applies SAPP in all organizational units in the Central Government and the accounting unit at the local government in the implementation of de-

concentration and/or co-administration, which is funded from the state budget (*Anggaran Pendapatan dan Belanja Negara* – APBN) and financing budget and calculation.

To make quality financial reporting, the government needs human resources that have good knowledge and competence in financial accounting. Another thing that has to be considered is the competence of the local government staff in the preparation of financial statements. A financial statement is a report prepared systematically on an entity's financial position at a certain period. It is also as a means by the governor to be accountable by seeing the financial performance to the public (transparency) (Government Regulation No. 24 of the year 2005 about financial accounting standard and Government Regulation No. 58 of the year 2005 about financial management). Therefore, human resources competency is a significant factor in making a quality financial statement. Roviyantie in 2011 argued good knowledge and competent human resources are essential for governmental entities.

Government as a decision and rule maker sets governmental accounting standard in preparing the financial reports for government bodies, both central and local government. Government accounting standard is accounting principles which are applied in preparing and presenting the governmental financial statements. In order to make governmental accounting not only more transparent and accountable but also improving the quality of financial reports, the government issued Government Regulation (*Peraturan Pemerintah* - PP) No. 24 of the year 2005 about government accounting standard, as amended by Government Regulation No. 71 of the year 2010 about government accounting standard using accrual basis. Juridical, Government Regulation No. 71 of the year 2010 about government accounting standard using accrual basis changed the basic of Indonesian governmental accounting from cash toward accrual into accrual in 2015. With this government regulation made Government Regulation No. 24 of the year 2005 was declared null and void again.

The common phenomenon occurred based on the employee's argument in local government departments is the lack of regeneration of employees. The problem feared to occur is the difficulty in applying the proper local government financial accounting system based on the government regulation, because in applying the proper accounting method requires competent human resources or governmental staffs who understand the accounting system well and also can follow the changes

in local government regulations that exist. This limitation will affect the financial statements in Salatiga related to the quality of the financial statement.

This research used the background from the phenomena surrounding the region of Salatiga, and identified some problems that guide the following research questions:

1. Does the human resources competency influence the regional financial statement quality in Salatiga City?
2. Does the implementation of regional financial accounting system influence the regional financial statement quality in Salatiga City?

This research aimed at proving the effect of human resources competency and the implementation of the regional financial accounting system towards regional financial statement quality empirically. This research can also be used as advice for the local government, especially in The Regional Financial Unit (*Organisasi Perangkat Daerah* - OPD) in Salatiga City in improving human resources competency to make the quality financial statement.
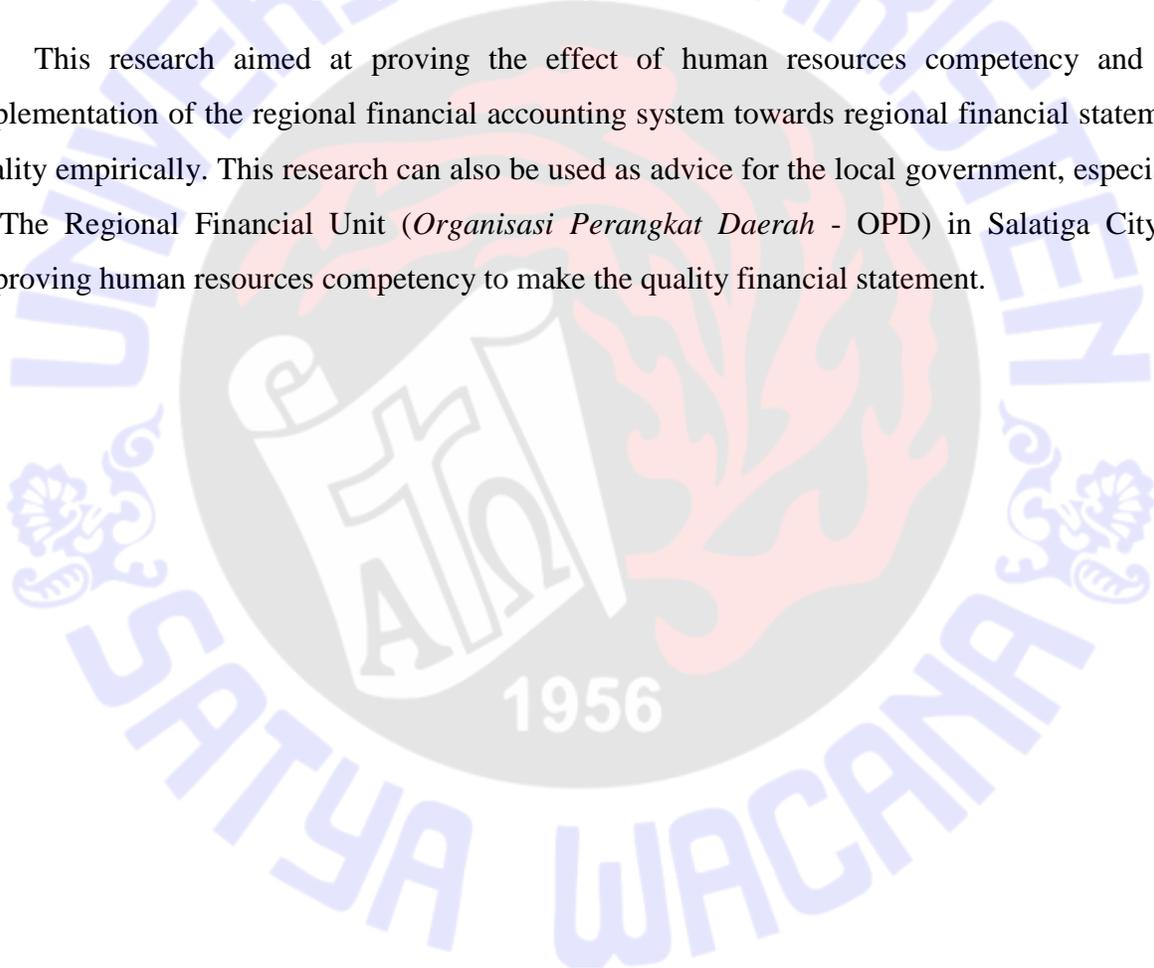
LITERATURE REVIEW

Financial Statement

A financial statement is a report that shows the financial management for one period. The financial statement consists of budgeting realization report, Balance sheet, cash flow, and operational report. Every reporting entity has an obligation to report on the efforts that have been done and the results achieved in the implementation of systematic and structured. Angga (2013) argued that It also meets several characteristics, which are accountability (accountable management of resources), management (facilitate the planning, management, and control over all assets, liabilities, and equity of government funds), transparency (provide financial information open and honestly to the public), the balance between generations (helps the user to determine the adequacy of the government's revenues in the reporting period and the expenses allocated to the reporting period and the next period).

Regional Financial Statement

The financial statement is information from an entity on a period that can be used to describe the performance of an entity. The financial report is structured reports regarding the financial position and transactions by a reporting entity. The financial statements may also be stated as information. Data can be transformed into information that is converted into a context that gives meaning (Lillrank, 2003). The financial statement produced by the government will be used by several parties as a decision making. Because of that, the information in government financial statement has to be useful for the user.

Regional Financial Statement Quality

According to PP No. 24 of the year 2005 about Financial Accounting Standard and Minister of Home Affairs Regulation (*Peraturan Menteri Dalam Negeri* – Permendagri) No. 13 of the year 2006 about Guidelines on Regional Financial Management, financial statements are prepared to provide relevant information about the financial position and all transactions conducted by a reporting entity during the period forward. Those regulations also explain about the qualitative characteristics of the financial statement are normative rules that need to be applied in accounting information to fulfill its function. There are four characteristics as a requirement to make regional financial statement quality which is accountable, relevant, comparable and understandable.

Human Resources Competence

Competence is the ability to produce the financial statement at a satisfactory level in the workplace, including a person's ability to transfer and apply their skills and knowledge in new situations and increase the benefits, agreed (Andini and Yusrawati, 2015). Competency means "the state or quality of being adequately or well qualified and having the ability to perform a specific role" (Hoffmann, 1999). The concept of competence has different meanings and continues to remain as one of the most diffused terms in the management development sector and the organizational and occupational literature (Mufti *et al.*, 2016). Abraham *et al.*, (2001) categorized the competencies into six most important ones, which are effective leadership skills, problem-solving skills, communication skills, customer orientations, result orientations and team orientations.

A competency is knowledge, skill, and attitude that enable individuals to be successful in their interactions with other at their social society. It can predict a succession in the profession of Human Resource by fluctuating the position (Ramlall, 2006). The competency involves moral principles and honesty, time management, flexibility and self-development (Mufti *et al.*, 2016). Competence management system is one of the key elements of intellectual capital management and refers to the most important component of the capital – the people. Its existence gives managers the ability to analyze the company and its environment in a broader perspective, allowing the perception of new opportunities and possibilities offered by the further development of the management system with elements related to intellectual capital (Prusak, 2016).

Hutapea and Thoha (2008), explained that there are three main components, which are the establishment of the competence of a person's knowledge, abilities, and behavior of individuals.

1. Knowledge is information to carry out their duties and responsibilities in accordance with the field that they do. Employee knowledge determines the success or failure of the tasks assigned to them. Employees who have sufficient knowledge will improve the efficiency of the company. However, employees who do not have sufficient knowledge will work slowly.

2. Skills is an attempt to carry out the duties and responsibilities given by the company to an employee with a good and a maximum.

3. Attitudes are patterns of behavior of employees in carrying out their duties and responsibilities in accordance with the regulations of the company. If the employee has the attitudes that

support the achievement of organizational goals, so automatically all tasks assigned to them will be implemented as well as possible.

Regional Financial Accounting System

According to Alam (2004) accounting system is an accounting focus field that specializes in the planning and implementing accounting procedures for the collection and reporting of financial data. Accounting, in this case, must create a way such that can make internal control easier and create the proper financial report for management purposes. La Midjan and Azhar Susanto (2001) state that the accounting information system is a data management system of accounting which is the coordination of humans, tools, and methods that interact harmoniously in an organization structured to produce financial accounting information and management accounting information structured.

Accounting for local governments is the process of recording and classifying accounts in a certain way. This process is done based on the size of the monetary transactions and events, which are generally of a financial nature and include reporting the results in the implementation of government affairs based on the principle of autonomy and duty of assistance which is in line with the principles of the Republic of Indonesia (Tanjung 2009). Furthermore, according to Abdul Hakim (2012), local government financial accounting is the process of identifying, measuring, recording, and reporting the economic transactions (financial) of the local government entities (counties, cities or provinces). Therefore, this process can be used as a way or method to record the results of transactions that occur in one period in both a national and local government agency.

From the above definitions, it can be concluded that the local government accounting system is the process of planning, collecting and reporting of financial data to coordinate among people, tools and methods for creating financial accounting information and management accounting information is a structured way for a period in a central or local government agency.

Research Model

This research model uses the conceptual framework of Vroom (1964) who said that performance could be a combination of performance and basic knowledge that one has. The variable used in this research is the quality of human resources competency and the implementation of the local government financial accounting system. These qualities are measured in the local government financial statement quality.
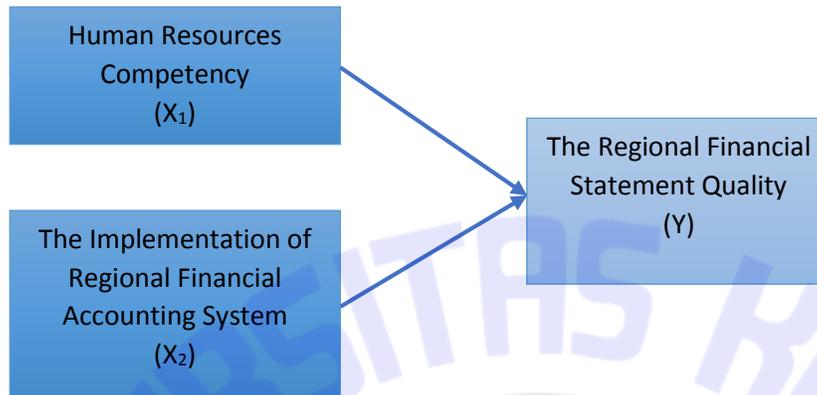
The research model of this research is:

Figure 1. Research Model

Hypothesis Development

The Relation of Human Resources Competency to the Regional Financial Statement Quality

Human resource is the human capital in an organization. Human Capitals are the knowledge, skills, and abilities of someone used to produce professional service. Human Capitals are the sources of innovation and idea or concept. Employees with high human capitals enable to a give consistent and good quality of services (Sugeng dan Imam, 2000).

According to Sulistyawati (2006), human resource is the factor that affects the effectivity of the implementation of local government accounting system in Yogyakarta. Based on Guy *et al.* (2002), competence is knowledge and skills that need to finish the tasks. Adequate competency of human resource in quantity and quality will improve the quality of financial statement in local government entities.

Indriasari (2008) prove in her research that human resources competency affect the reliability and accountability of local government financial reporting in Palembang and Ogan Hilir Regency, South Sumatera. This research's proof was supported by Winidyaningrum dan Rahmawati (2010) said that human resources capacity affect the accountability of regional financial reporting, but this research could not prove that there is an effect in human resources competency to precisely of information reporting in the financial statement.

Based on those arguments, this research wants to prove the relationship between human resources competencies towards the financial statement quality.

H$_1$: *Human resources competency has a positive impact on the regional financial statement quality.*

The Relation of The Implementation of Regional Financial Accounting System to The Regional Financial Statement Quality

According to Johansson and Siverbo (2009), organizations under some kinds of external pressure may develop a culture of following fads', for example, these municipalities are more inclined to adopt welcome the New Public Management (NPM) models such as the cost accounting system for mimetic and normative reasons. The following fad organization is an entity that is more inclined to adopt mimic practices that are generally accepted in the society and/or that are strongly recommended by professional organizations. Based on institutional reasons, the following fad organization will adopt accounting innovations and other management models' in order to handle the many conflicting pressures and demands facing their organizations.

The adoption of accrual accounting represents a tangible manifestation of the NPM agenda (Davis, 2010). As discussed by Baker and Rennie (2010), the decision to implement accrual accounting can be largely attributed to coercive and normative influences of the Office of the Auditor General of Canada and mimetic isomorphism with other members of the federal government's organizational field. Regarding Portuguese Local Government, Carvalho *et al*. (2007) find that important improvements resulted in recent years in the use of accrual accounting due to the conformity of financial accounting system.

Based on those arguments, this research wants to prove the relationship between the implementation of regional financial accounting system towards the regional financial statement quality.

H$_2$: *The implementation of regional financial accounting system has a positive impact on the regional financial statement quality.*

The Relation of Human Resources Competency and The Implementation of Regional Accounting System to The Regional Financial Statement Quality

Regional or local government development is basically a single governmental institution. Each region has distinctive procedures in managing its development that made the different performance. Performance evaluation is done based on the periodical review or evaluation of the activities; it is part of the respective officers' job, and the standard of the performance had been previously determined. Through financial performance, alone, the society will be able to evaluate the performance of government's officers. The performance appraisal can be measured by the financial analysis as it much depends on the different aspects of the activities that sponsored by the financial section. One of the functions of the financial report is to provide information related to financial performance.

Another measurement can be done from accounting information which is very useful to access the officers' performance accountability. Both accounting information and non-accounting information may also be used to evaluate the head of the office or the whole performance of an organization. Good performance can also be made the officers have good competencies. Determining the level of competency needed in order to know the level of performance expected in the category of good or average. It is also needed to be used as the basis for the selection process, planning and evaluating performance and human resources development. Because of that, it needs competence human resources to be able to make a quality financial statement.

Based on those arguments, this research wants to prove the relationship between human resources competency and the implementation of regional financial accounting system towards the regional financial statement quality.

H3: *Human resources competency and the implementation of regional financial accounting system have a positive impact on the regional financial statement quality.*

Based on the definition from several the existing literature, the researchers found a link between human resources competency, the implementation of regional financial accounting system and the regional financial statement quality, if the local government has competent government officials in terms of government officials knew about the job (accrual basis method) and implement the regional financial accounting system, it can affect the regional financial statement quality.

RESEARCH METHOD

Research Object

The object of this research is related to the matters to be discussed which is the influence of human resources competency and the implementation of the regional financial accounting system on the regional financial statement quality at The Regional Financial Unit in Salatiga, Central Java.

Population and Sample

Population in this research is all financial management's employees at The Regional Financial Units in Salatiga, Central Java. According to the sampling method which is *purposive sampling*, the sample in this study is employees directly related to financial management, such as Financial Administration Officials Competence (Pejabat Penatausahaan Keuangan - PPK), Authority of Technical Executive Officer (Pejabat Pelaksana Teknis Kegiatan - PPTK), Treasurer of Acceptance and Treasurer of Expenditure.

Type and Sources of Data

Data used in this research are primary data sourced from the questionnaire which delivered and picked up by the researcher. This research data was also from interviewing some of the employees.

Data Collection Technique

Data were collected through questionnaires, which were distributed the lists of questions which were filled or answered by the respondents who are accounting or finance staffs section in Salatiga.

A questionnaire was given directly to the respondents by the researcher. They were asked to fill out the questionnaire and then returned directly.

Operations and Measurement of Research Variable

A. Independent Variable

1. Human Resources Competency

Human resources competency is the abilities and characteristics of a civil servant (*Pegawai Negeri Sipil* - PNS). The characteristics which are knowledge, skill, and attitude are needed in the execution of their duties, so the civil servant can do their job in professional, effective and efficient.

The variable measurement used the questionnaire as an instrument, which was taken from the research of Roviyantie (2011) with a five-point Likert scale model. The respondents were asked to agree or disagree of the 15 questions of the human resources competence (X_1) based on the real condition.

2. The Implementation of Local Government Financial Accounting System

According to the regulation of Ministry of Home Affairs (MoHA) Chapter 232 Article (3) Number 13 the year 2006, Local Government Accounting System includes a series of procedures, start from data collecting, recording, classifying and summarizing transactions and/or financial transaction and financial reporting in the context of accountability of the budget to done manually or using a computer application.

The variable measurement used the questionnaire as an instrument, which was taken from the research of Roviyantie (2011) with a five-point Likert scale model. The respondents were asked to agree or disagree of the 10 questions of the implementation of local government financial accounting system (X_2) based on the real condition.

B. Dependent Variable

The dependent variable in this research is the local government financial statement quality at The Regional Finance in Salatiga, Central Java. The financial statement quality is normative measures that need to be realized in the accounting information so that it can fulfill its purpose.

The variable measurement uses the questionnaire as an instrument, which was taken from the research of Roviyantie (2011) with a five-point Likert scale model. The respondents were asked to agree or disagree of the 11 questions of the local government financial statement quality (Y) based on the real condition.

Data Analysis Technique

Data analysis was performed using SPSS program. The collected data were analyzed using statistical analysis tools that multiple regression analysis.

$Y = a + b_1 X_1 + b_2 X_2$

Where :
Y   = The Quality of Financial Statement
a   = Constant
b_1 = Regression Coefficient X_1
b_2 = Regression Coefficient X_2
X_1 = Human Resources Competency
X_2 = The Implementation of Local Government Financial Accounting System

This research used a five-point Likert scale model which has five categories from 1 (Strongly Disagree) until 5 (Strongly Agree). From those five categories, an interval can be made with the equation as follows:

$$Interval = \frac{Highest\ Score - Lowest\ Score}{Number\ of\ Class}$$

The interval calculation can be described as follows:

$Interval = \frac{5-1}{5}$

$Interval = \frac{4}{5}$

$Interval = 0.8$

According to the calculations, the interval value for each is 0.8. The average score of each variable is rate based on the class categories in accordance with the interval. The result of categorization interval values is shown in the following table:

Table 1
Interval Category Score

No	Interval	Category
1	1 – 1.79	Very low
2	1.8 – 2.59	Low
3	2.6 – 3.39	Average
4	3.4 – 4.19	High
5	4.2 - 5	Very high

Source: Suharyadi and Purwanto (2009)

Test of Data Quality

    a. **Validity Test**

This test is performed to determine whether the measuring instruments used to measure what needs to be measured. A measuring instrument with high validity will have a low error level, so the data collected is adequate data. Validity indicates the extent to which a measuring device that measures what you want to be measured.

    b. **Reliability Test**

Techniques are used for measuring the reliability is *Alpha Cronbach* Technique. The reliability testing with *Alpha Cronbach* technique is done for the type of interval (Sugiono, 2008:365).

The coefficient of reliability scale should be acculturative as high as possible, on a scale approaching one (1). The decision rules using the coefficient of ≥ 0.60 then the instrument is reliable and can be used for research (Hair *et al.*, 1998).

The category of reliability interval score is shown in the following table:

Table 2
Reliability Interval Score

No	Interval Score	Category
1	< 0.20	Very Low
2	0.20 – 0.399	Low
3	0.40 – 0.599	Average
4	0.60 – 0.799	High
5	0.80 – 1.00	Very High

Source: Sekaran (1992)

Classical Assumptions Test

    a. **Normality Test**

Normality test aimed to test whether the regression model, both dependent and independent variables have normal distribution or not (Ghozali, 2001). Good research data is data that has a normal distribution. The normal distribution (bell-shaped) means the data has spread evenly so that it can represent the population. The normality test used was the *probability plot* which can indicate the normality of the data by seeing the result of plot dots. This test method also used Kolmogorov-Smirnov test to ensure that the data is normal by seeing the significant of the residual value. If the significant value > 0.05, it can be concluded that the data are normally distributed.

b. Multicollinearity Test

Multicollinearity test is used to determine the existence of high correlation variables in a multiple regression models. If there is a high correlation between the independent variables, then the relation between them of the dependent variable will be disrupted. This test can be done by looking at the value of Variance Inflation Factors (VIF) and Tolerance. If VIF < 10 and value of Tolerance > 0.10, it can be concluded that there is no multicollinearity.

c. Heteroscedasticity Test

Heteroscedasticity characterized by a specific pattern on a scatterplot graphic. If no clear pattern, the points spread above and below zero on the Y axis, then there is no heteroscedasticity. Meanwhile, heteroscedasticity can also be seen through the Glejser test. If the probability of significance of each independent variable > 0.05, it can be concluded not occur heteroscedasticity in the regression model (Ghozali, 2001).

Hypothesis Testing

a. Statistical T-test (in Partial Testing)

Statistical test t was used to examine the effect of independent variables on the dependent variable (Ghozali, 2001) individually. The tests were carried out using a significance level of 0.05 ($\alpha = 5\%$) and comparing the value of T and T_{table}. If the value of T is greater than T_{table}, then the independent variables have an effect on the dependent variable. Meanwhile, if the significance is less than 0.05 then the hypotheses are accepted (independent variables affected the dependent variable).

b. Statistical F-test (in Simultaneous Testing)

This test was performed to determine whether the independent variables simultaneously affected the dependent variable. The tests were carried out using a significance level of 0.05 ($\alpha = 5\%$) and comparing the value of F and F_{table}. If the value of F is greater than F_{table}, then the independent variables have an effect on the dependent variable. Meanwhile, if the significance value is less than 0.05 then the hypothesis is accepted (independent variables affected dependent variable).

The Coefficient of Determination (R^2)

The coefficient of determination (R^2) was used to determine the relationship between all independent variables (X) and the dependent variable (Y). The coefficient of determination showed how much variation in the dependent variable could be explained by variations in the independent variables.

The R^2 lies between 0 (zero) and 1 (one). If R2 is getting closer to 1, the greater the variation in the dependent variable that can be explained by variation in the independent variable which means that the regression line to represent the results of observations truth is more precise. This research used the *Adjusted R Square* because the number of the independent variables are more than one (Ghozali, 2001).

Operational Definition and Data Measurement

As our research model, we decided to use *Human Resources Competency* as X_1 Variable, *The Implementation of Local Government Financial Accounting System* as X_2 Variable and *Local Government Financial Statement Quality* as Y Variable. Human Resources Competency as X_1 in our research is measured by the ability of individuals to be successful at work, school, home and community in knowledge, skill, and attitude. The Implementation of Local Government Financial Accounting System as X_2 is measured by how is the process of identifying, measurement, recording and reporting the financial statement. Local Government Financial Statement Quality as Y is measured by how the financial statement can be used for the external user.

Table 3
Operational Definition and Data Measurement

Concept	Definition	Empiric Indicators
Human Resources Competency (Ramlall, 2006)	A competency is knowledge, skill, and attitude that enable individuals to be successful in their interactions with other at work, school, home, and community.	- Knowledge - Skill - Attitude
The Implementation of Local Government Financial Accounting System (Abdul Hakim, 2012)	local government financial accounting is the process of identifying, measurement, recording and reporting of economic transactions (financial) of local government entities (counties, cities or provinces) that requires, which means a way or method used to record the results of transactions that occur in one period in a government agency both national and local.	- Conformity between the financial accounting system and Standard Accounting Procedures - The accounting reporting procedures use the generally standard of accounting reporting procedures - Making financial statements reported periodically
Local Government Financial Statement Quality (Angga. 2013)	It also meets several characteristics, which are accountability, management, transparency, the balance between generations.	- The financial statements should be accountable, relevance can be compared and can be understood

Table 4
Research Instruments

Concept	Definition	Indicator	Statement
Human Resources Competency (Ramlall, 2006)	A competency is knowledge, skill, and attitude that enable individuals to be successful in their interactions with other at work, school, home, and community.	Knowledge	1. I understand the theories related to my job.
			2. I understand all the rules relating to the job well.
			3. I have knowledge in terms of good services in the field of work that I do.
			4. I can think creatively in carrying out the work.
			5. I can give a good idea in work.
		Skill	1. I am able to work well with colleagues.
			2. I was able to solve problems that occur on the job.
			3. I have the ability to communicate well with colleagues.
			4. The greater burden of the task given to me, the greater responsibility that I received.
		Attitude	1. I always carry out the work on time.
			2. I can abide by social norms in performing work.
			3. I can carry out the work with good quality work.
			4. I can complete the work in accordance with the procedure.
			5. I can work together in meeting the rules that apply in my work place.
			6. I always come on time.
The Implementation of Local Government Financial Accounting System (Abdul Hakim, 2012)	Local government financial accounting is the process of identifying, measurement, recording and reporting of economic transactions (financial) of local government entities (counties, cities or provinces) that requires, which means a way or method	The conformity between the financial accounting system and standard accounting procedures	1. Financial accounting system at the department is in accordance with Government Accounting Standards.
		The use of generally standard procedures in the accounting reporting	1. Each financial transaction in this department does the analysis of the transactions or identification transactions.
			2. This department carried out the identification of the recording.
			3. Any financial transactions at the department are supported by evidence of the transaction.
			4. This department records all financial transactions chronologically.
			5. This department carries out the classification of the transactions.

	used to record the results of transactions that occur in one period in a government agency both national and local.	The periodic financial statement report	1. This department carries out The transaction in accordance with the classification of posts properly.
			2. The control system is carried out in measuring and reporting the listing.
			3. Preparation of financial statements is done in each accounting period.
			4. Financial statement reporting is done consistently and periodically.
Local Government Financial Statement Quality (Angga, 2013)	It also meets several characteristics, which are accountability, management, transparency, the balance between generations.	Accountable	1. The financial statements provide information that can be corrected based on the previous financial activities.
			2. The financial statements provide information that is able to predict the future.
			3. Presentation or publishing financial reports on time according to the accounting period.
			4. The financial statements produce a complete information which includes all information needed for decision making.
		Relevant	1. The financial statements produce information that is reasonable and fair according to the financial transactions and other events that should be presented.
			2. The financial statements information when tested by different parties will embody a different conclusion.
			3. The financial statements information in favor of the needs of a particular party.
		Comparable	1. The financial statements produce information that can be compared to financial statements from previous years.
			2. The financial statements produce information that can be compared with other entities that apply the same accounting policies.
		Understandable	1. Information on the financial statements produced can be clearly understood.
			2. The financial statements produced by the agency has been presented in the form and terms that are tailored to the understanding of the users.

Scoring Scale :   1- Strongly Disagree
                      2- Disagree
                      3- Neutral
                      4- Agree
                      5-Strongly Agree

ANALYSIS AND DISCUSSION

Analysis

1. **Distribution of the Questionnaire**

Table 5 below shows the details of distributing and returning the questionnaire. It also gives the information of the rate of return.

Table 5
Number of Sample and Rate of Return of Questionnaire

Explanation	Amount	Percentage (%)
Distributed questionnaire	110	100%
Returned questionnaire	104	94.5%
Unreturned questionnaire	6	5.5%
Questionnaire that cannot be analyze	0	0%
Questionnaire that can be analyze	104	100%

Source: Processed Primary Data, 2017

2. **Demographics of Respondents**

The research questionnaires were distributed to all departments in Salatiga City. The respondents are the employees directly related to financial management. There are 30 Financial Units in Salatiga City that became the samples (*see Appendix 2*). From all Financial Units, there are 104 employees who are in charge in the financial managements in each Unit.

The research questionnaires also required the 104 respondents to fulfill their background. In this section, the respondents were required to give the information on gender, age, and education.

Table 6
Background of Respondents

Background of Respondents		Mean			Total	Percentage
		HRC *)	FAS *)	FSQ *)		
Gender					104	100%
1.	Male	4.04	4.21	3.83	37	35.58%
2.	Female	4.11	4.29	3.81	67	64.42%
Age					104	100%
1.	21 – 30	4.19	4.43	3.87	11	10.58%
2.	31 – 35	4.12	4.25	3.79	30	28.85%
3.	36 - 40	3.98	4.11	3.80	22	21.15%
4.	41 - 45	3.87	3.94	3.57	9	8.65%
5.	46 - 50	3.98	4.39	3.80	16	15.38%
6.	51 – 60	4.31	4.44	4.00	16	15.38%
Education					104	100%
1.	Senior High School	3.88	4.01	3.70	12	11.54%
2.	Associate Degree (D3)	4.05	4.21	3.72	17	16.35%
3.	Bachelor Degree	4.10	4.30	3.85	63	60.58%
4.	Master Degree	4.27	4.38	3.86	12	11.54%
5	PhD	0	0	0	0	0%

Source: Processed Primary Data, 2017 [*) HRC: Human Resource Competency; FAS: Financial Accounting System; FSQ: Financial Statement Quality]

According to table 6 above, more than half of the respondents (67 respondents) are female (64.42%), and the rest of the respondents (37 respondents) are male (35.58%). Table 7 also shows the age of the respondents which was divided into six categories. 11 respondents (10.58%) answered that their age is between 21 – 30 years old which is the first category. The second category is the age of 31 – 35 years old with 30 respondents (28.85%). 22 respondents (21.15%) belong to the third category between 36 – 40 years old and 9 respondents (8.65%) are between 41 – 45 years old which is the fourth category. The fifth and the sixth categories are between 46 – 50 years old with 16 respondents (15.38%) and between 51 – 60 years old with 16 respondents (15.38%). From the education aspect, most of them (63 respondents or 60.58%) had completed their education up to the Bachelor Degrees level . The second largest group of the respondents, with 17 respondents (16.35%), has earned their Associate degrees while the number of respondents with senior high school degrees and Master's Degrees are the same, which are 12 respondents (11.54%) each. There is no respondent with a Ph.D. degree.

The table also shows the mean. Based on gender, human resources competency and financial accounting system of female respondents have the higher average values

compared with the average values of male respondents. Conversely, the average value of male respondents has a higher value than the average value of female respondents on financial statement quality. Interestingly, both female and male respondents have the higher average values on the financial accounting system. They are also categorized as a very high category with the average value of female respondents of 4.29 and the average value of male respondents of 4.21.

Based on the age of the respondents, the respondents with age around 36 – 40 years old and 41 – 45 years old are categorized as high on financial accounting system with the value of 4.11 and 3.94. However, these values are not as high as the other age categories. The other age categories are categorized as very high on the financial accounting system. Surprisingly, the respondents with age around 51 – 60 years old also have the very high category on human resources competency of 4.31. It can be assumed that human resources competency has a very high value in the 51 – 60 years old respondents because they already had a lot of experiences in their position as financial management. It also can be assumed that the employees with age around 21 – 35 years old and 46 – 60 years old have very high values on financial accounting system because in average the respondents with age around 21 – 35 years old still remember the financial accounting system that already taught in their study while the respondents with age around 21 – 35 years old have a lot of experiences and they are used to using the financial accounting system.

Based on the respondents' educational background, the respondents had completed their education up to the senior high school degree has the lowest average value of the others that have an educational background more than senior high school degree. Interestingly, the respondents had educational background up to Associate Degree (D3) above have the higher average values on financial accounting system than the others. They are also categorized as a very high category with the average value of Associate Degree (D3) of 4.21, the average value of Bachelor Degree of 4.30 and the average value of Master Degree of 4.38. The most striking result to emerge from the data is that the respondents that had earned their Master Degree also have the highest average value of human resources competency of 4.27 and it categorizes as very high. It proves that educational background has a role in making financial statement quality. The higher educational background of the employees, the higher financial statement quality the government has.

3. Descriptive Statistical Analysis

The analysis was conducted on 104 respondents' answers that fulfill the criteria to be processed. The processed primary data is a descriptive research based on the respondents' answers, which are scaled from strongly agree until strongly disagree from each indicator consisting of human resources competency, the implementation of the financial accounting system, and the financial statement quality which became the variable in this research. The descriptive statistic research variable can be seen in Table 7 below:

Tabel 7
Descriptive Statistical Analysis

Variable	Min	Max	Mean	Std. Deviation	N
Human Resources Competency (X_1)	1.00	5.00	4.08	0.61	104
The Implementation of Financial Accounting System (X_2)	1.00	5.00	4.26	0.63	104
Financial Statement Quality (Y)	1.00	5.00	3.82	0.75	104

Source: Processed Primary Data, 2017

Table 7 above illustrates the frequency and the calculation result of the mean of each of the categorized variable. It shows the score for the minimum, the maximum, mean and standard deviation for each of the variable. As the results, human resources competency has a mean of 4.08 and standard deviation of 0.61, the implementation of financial accounting system has a mean of 4.26 and standard deviation of 0.63, and financial statement quality has a mean of 3.82 and standard deviation of 0.75. Based on Table 1. Interval Category Score, human resources competency, and financial statement quality are in the high category. Interestingly, the implementation of financial accounting system is in the very high category.

Table 8
Descriptive Statistic Analysis of Human Resources Competency

No	Question	Score 1	2	3	4	5	Total Score	Mean	Category
1	I understand the theories related to my job	1	3	3	74	23	427	4.11	High
2	I understand all the rules relating to the job well	0	4	5	73	22	425	4.09	High
3	I have knowledge in terms of good services in the field of work that I do	0	3	6	79	16	420	4.04	High
4	I can think creatively in carrying out the work	0	2	8	77	17	421	4.05	High
5	I can give a good idea in the work	0	3	11	78	12	411	3.95	High
6	I am able to work well with colleagues	0	1	2	69	32	444	4.27	Very High
7	I am able to solve problems that occur on the job	0	3	9	80	12	413	3.97	High
8	I have the ability to communicate well with colleagues	1	1	1	82	19	429	4.12	High
9	The greater burden of the task given to me, the greater responsibility that I received	1	0	2	58	43	454	4.37	Very High
10	I always carry out the work on time	1	4	16	66	17	406	3.90	High
11	I can abide by social norms in performing work	0	1	3	85	15	426	4.10	High
12	I can carry out the work with good quality work	0	2	13	70	19	418	4.02	High
13	I can complete the work in accordance with the procedure	1	2	5	74	22	426	4.10	High
14	I can work together in meeting the rules that apply in my work place	1	1	2	77	23	432	4.15	High
15	I always come on time	1	2	15	61	25	419	4.03	High
	Score Total Human Resources Competency						6371	61.27	High
	Average Score Human Resources Competency						424.73	4.08	
	Standard Deviation							0.61	

Source: Processed Primary Data, 2017

The questions in the questionnaire of human resources competency section are based on three indicators, which are knowledge, skill, and attitude. Those indicators aim to measure human resources competency through financial statement quality and also to cover the human resources competency indicators.

The first indicator which is knowledge is explained from the first until the fifth questions of the questionnaire. According to Table 8, the questions that are related to the knowledge indicator have the average score around 4.05 which is categorized as high. This means that the employees have to have good knowledge in order to make a good financial statement quality.

The second indicator which is skill is explained from the sixth until the ninth questions of the questionnaire. According to Table 8, the questions that are related to the skill indicator have the average score around 4.18 which is categorized as high. This means that the employees have to have good skill in order to make a good financial statement quality.

The last indicator which is attitude is explained from the tenth until the fifteenth questions of the questionnaire. According to Table 8, the questions that are related to the attitude indicator have the average score around 4.05 which is also categorized as high. This means that the employees have to have a good attitude to make a good financial statement quality.

Overall, we can see that the highest score is in the ninth question and the lowest score is the tenth question while the average score from human resources competency is 4.08 with the standard deviation of 0.61 which is included in the high category. From the explanation above, we can also conclude that all indicators are required by the employees in making a good financial statement quality.

Table 9
Descriptive Statistic Analysis of The Implementation of Financial Accounting System

No	Question	Score					Total Score	Mean	Category
		1	2	3	4	5			
1	Financial accounting system at the department is in accordance with Government Accounting Standards	2	0	3	63	36	443	4.26	Very High
2	Each financial transaction in this department does the analysis of the transactions or identification transactions	0	3	2	79	20	428	4.12	High
3	This department carries out the identification of the recording	1	1	3	70	29	437	4.20	Very High
4	Any financial transactions at the department is supported by the evidence of the transaction	1	1	0	57	45	456	4.38	Very High
5	This department records all financial transactions chronologically	1	2	2	70	29	436	4.19	High
6	This department carries out the classification of the transactions	0	2	0	72	30	442	4.25	Very High
7	This department carries out the transaction in accordance with the classification of posts properly	1	1	0	61	41	452	4.35	Very High
8	The control system is carried out in measuring and reporting the listing	1	1	1	70	31	441	4.24	Very High
9	Preparation of financial statements is done in each accounting period	1	1	0	63	39	450	4.33	Very High
10	Financial statement reporting is done consistently and periodically	1	1	1	63	38	448	4.31	Very High
Score Total Financial Accounting System							4433	42.63	Very High
Average Score Financial Accounting System							443.3	4.26	
Standard Deviation							0.63		

Source: Processed Primary Data, 2017

The questions in the questionnaire of the financial accounting system section are based on the indicators which are the conformity between the financial accounting system and standard accounting procedures, the use of generally standard procedures in the accounting reporting, and the periodic financial statements report. Those indicators were set to measure financial accounting system through financial statement quality and also to cover the financial accounting system indicators.

The first indicator which is the conformity between the financial accounting system and standard accounting procedures is explained in the first question of the questionnaire. According to Table 9, the question has the average score of around 4.26, and it is categorized as very high. It means that the financial units in each department really have to conform or adapt the standard accounting procedures to financial accounting system in order to make a good financial statement quality.

The second indicator which is the use of generally standard procedures in the accounting reporting is explained from the second until the sixth questions of the questionnaire. According to Table 9, the questions have the average score of around 4.23, and it is also categorized as very high. It means that the financial units in each department have to use the generally standard accounting reporting procedures that are already set by the government regulation in order to make a good financial statement quality.

The last indicator which is the periodic financial statements report is explained from the seventh until the tenth questions of the questionnaire. According to Table 9, the questions have the average score around 4.31, and it is also categorized as very high. It means that the financial units in each department have to report the financial statement periodically in order to make a good financial statement quality.

Overall, we can see that the highest score is the fourth question and the lowest score is the second question while the average score from financial accounting system is 4.26 with the standard deviation of 0.63 which is included in the very high category. From the explanation above, we can also conclude that all indicators are required by the financial units in each department in making good financial statement quality.

Table 10
Analysis Descriptive Statistic of Financial Statement Quality

No	Question	Score					Total Score	Mean	Category
		1	2	3	4	5			
1	The financial statements provide information that can be corrected based on the previous financial activities	1	1	6	69	27	432	4.15	High
2	The financial statements provide information that is able to predict the future	3	4	8	70	19	410	3.94	High
3	Presentation or publishing financial reports on time according to the accounting period	1	1	7	71	24	428	4.12	High
4	The financial statements produce a complete information which includes all information needed for decision making	0	2	4	72	26	434	4.17	High
5	The financial statements produce information that is reasonable and fair according to the financial transactions and other events that should be presented	1	1	1	73	28	438	4.21	Very High
6	Financial statements information when tested by different parties will embody a different conclusion	13	36	18	30	7	294	2.83	Average
7	The financial statements information is in favor of the needs of a particular party	24	45	13	19	3	244	2.35	Low
8	The financial statements produce information that can be compared to financial statements from previous years	1	1	0	76	26	437	4.20	Very High

Table 10
Analysis Descriptive Statistic of Financial Statement Quality

No	Question	Score					Total Score	Mean	Category
9	The financial statements produce information that can be compared to other entities that apply the same accounting policies	4	3	18	67	12	392	3.77	High
10	Information on the financial statements produced can be clearly understood	1	1	1	71	30	440	4.23	Very High
11	The financial statements produced by the agency has been presented in the form and terms that are tailored to the understanding of the users	1	3	9	73	18	416	4.00	High
	Score Total Financial Statement Quality						4365	41.97	High
	Average Score Financial Statement Quality						396.81	3.82	
	Standard Deviation						0.754		

Source: Processed Primary Data, 2017

The descriptive statistical analysis of human resources competency and the implementation of financial statement quality explain the importance of human resources competency and financial accounting system in making good financial statement quality using indicators in each variable. However, one question remains on the look of the good quality financial statement. There are also indicators as a standard of a good financial statement which is accountable, relevant, comparable, and understandable. Those indicators aim at measuring financial statement quality.

The first indicator which is accountable is explained in the first until fourth questions of the questionnaire. According to Table 10, the questions related to accountable indicator have the average score of around 4.1, and it is categorized as high. It means that every financial unit in each department has to make an accountable financial statement in order to make a good financial statement quality.

The second indicator which is relevant is explained from the fifth until the seventh questions of the questionnaire. According to Table 10, the questions related to relevant indicator have the average score of around 3.13. This is quite interesting because it is

categorized only as average which is different with the others which are categorized between high and very high. However, it does not mean that we can ignore this indicator because the financial statement is not only used by the financial maker itself but also by the users, for example, the governor as a means to be accountable by seeing the financial performance to public or transparency.

The third indicator which is comparable is explained in the eighth and ninth questions of the questionnaire. According to Table 10, the questions related to this indicator have an average score of around 3.985, and it is categorized as high. It means that to make a good financial statement, the financial units have to make a financial statement that can be compared with the previous years and to another entity with the same policies.

The last indicator which is understandable is explained from the tenth until the eleventh questions of the questionnaire. According to Table 10, the questions related to this indicator have the average score of around 4.12, and it is also categorized as high. It means that the financial units in each department have to report the financial statement periodically in order to make a good financial statement quality.

Overall, we can see that the highest score is the tenth question and the lowest score is in the seventh question while the average score for financial statement quality is 3.82 with the standard deviation of 0.754 which is included in the high category. From the explanation above, we can conclude that to make a good financial statement quality; the human resources have to make a financial statement that fulfills all indicators which are accountable, relevant, comparable and understandable.

4. **Test of Data Quality**

Test of Data Quality was done based on the result of data testing processes which include: selection, collecting, and data analysis. The conclusion obtained depends on the quality of the data being analyzed and the instruments used to collect research data.

a. **Validity Test**

Validity test is used to measure whether or not a questionnaire is valid. A questionnaire can be said as valid if the questions in the questionnaire are able to reveal the validity that is measured by the questionnaire. The results of validity test can be seen in the Tables below:

Tabel 11
Validity Test of Human Resources Competency

Question	R	R_{table}	Conclusion
X_1 1	0.738	0.195	Valid
X_1 2	0.801	0.195	Valid
X_1 3	0.796	0.195	Valid
X_1 4	0.658	0.195	Valid
X_1 5	0.739	0.195	Valid
X_1 6	0.759	0.195	Valid
X_1 7	0.753	0.195	Valid
X_1 8	0.758	0.195	Valid
X_1 9	0.639	0.195	Valid
X_1 10	0.699	0.195	Valid
X_1 11	0.750	0.195	Valid
X_1 12	0.793	0.195	Valid
X_1 13	0.837	0.195	Valid
X_1 14	0.813	0.195	Valid
X_1 15	0.647	0.195	Valid

Table 12
Validity Test of Financial Accounting System

Question	R	R_{table}	Conclusion
X_2 1	0.856	0.195	Valid
X_2 2	0.710	0.195	Valid
X_2 3	0.850	0.195	Valid
X_2 4	0.905	0.195	Valid
X_2 5	0.832	0.195	Valid
X_2 6	0.882	0.195	Valid
X_2 7	0.929	0.195	Valid
X_2 8	0.909	0.195	Valid
X_2 9	0.883	0.195	Valid
X_2 10	0.867	0.195	Valid

Table 13
Validity Test of Financial Statement Quality

Question	R	R_{table}	Conclusion
Y 1	0.684	0.195	Valid
Y 2	0.574	0.195	Valid
Y 3	0.726	0.195	Valid
Y 4	0.746	0.195	Valid
Y 5	0.691	0.195	Valid
Y 6	0.309	0.195	Valid
Y 7	0.280	0.195	Valid
Y 8	0.641	0.195	Valid
Y 9	0.545	0.195	Valid
Y 10	0.732	0.195	Valid
Y 11	0.729	0.195	Valid

Source: Processed Primary Data, 2017

This test is used to know the correlation between questions in the questionnaire. The decision making is based on the value of R and the value of R_{table}. If the value of R > R_{table}, the question can be declared as valid. As we can see in Table 11, Table 12, Table 13, all of the R values are above the R_{table} values based on the calculation using Pearson Correlation Analysis on Statistical Product and Service Solution 20 (SPSS 20). It means that all of the questions used in this research are valid.

b. **Reliability Test**

This test was done using *Cronbach Alpha*. If the value of *Cronbach Alpha* is above 0.60, the items that were used are reliable. According to Table 14, it can be seen that the reliability coefficient of human resources competency instrument shows *Cronbach Alpha* of 0.767. The reliability coefficient of the implementation of financial accounting system instrument shows *Cronbach Alpha* of 0.788, while the reliability coefficient. of financial statement quality instrument shows *Cronbach Alpha* of 0.735. Based on the test result and also considering the reliability interval score (see table 3), it can be concluded that the three instruments are reliable and in the high category because the *Cronbach Alpha* values are above 0.60.

Table 14
Reliability Test

Variable	Cronbach Alpha	Conclusion
Human Resources Competency (X_1)	0.767	Reliable (High)
The Implementation of Financial Accounting System (X_2)	0.788	Reliable (High)
Financial Statement Quality (Y)	0.735	Reliable (High)

Source: Processed Primary Data, 2017

5. **Classical Assumptions Test**

a. **Normality Test**

Based on *probability plot* (see Appendix 13), it can be concluded that the data are normally distributed. The dots spread around the diagonal line. It also can be seen that the histogram graphic shows a normal distribution pattern. Based on Kolmogorov-Smirnov calculation (see Appendix 14), it can be seen that the significance value is 0.933. Since the significance value is greater than 0.05, we can know that the regression model in this research fulfills the normality assumption.

b. Multicollinearity Test

After doing the testing using SPSS 20, the researcher got the value of tolerance and the value of VIF (see Appendix 15). The values of tolerance of both independent variables are 0.45, and the values of VIF of both independent variables are 2.221. These values prove that there is no correlation (non-multicollinearity) between independent variables because the value of tolerance must be above 0.10 and the value of VIF must be below 10.00.

c. Heteroscedasticity Test

According to Appendix 17, there is no clear pattern, and the dots spread above and below zero (0) on the Y axis. It can be concluded that it is non-heteroscedasticity. To make sure that there is no residual variant similarity, the researcher also test using *gletser* to see the value of significant. From Appendix 17, we can see the significance value of human resources competency is 0.316, and the significance value of financial accounting system is 0.525. Both of the significance values are greater than 0.05. Both tests proved that the regression model is non-heteroscedasticity.

6. Hypothesis Test

Hypothesis test in this research was done by measuring the influence of the independent variables (X) on the dependent variable (Y). This test uses multiple regression analysis methods which is calculating the partial hypothesis and the simultaneous hypothesis.

a. Statistical T-test (in Partial Testing)

According to SPSS output, we can know several values, such as regression coefficient value, T value, significance value, F value and adjusted R Square. For more details, we can see in Table 15 below.

Table 15
Multiple Regression Analysis

Variable	Regression Coefficient	T	Sig.
Constant	1.247		
X_1	0.201	1.997	0.049
X_2	0.410	4.879	0.000
F = 46.912	Sig. = 0.000		
Adjusted R^2 = 0.471			

Source: Processed Primary Data, 2017

In this statistic test, in partial, we will analyze the two hypothesis.

1. $H_1 = X_1$ variable has a significant effect on Y variable (Human Resources Competency has a significant effect on Financial Statement Quality).

2. $H_2 = X_2$ variable has a significant effect on Y variable (Financial Accounting System has a significant effect on Financial Statement Quality)

Hypothesis test of Human Resources Competency and Financial Statement Quality

Table 15 above shows that the coefficient regression variable of human resources competency is 0.201 (positive). Therefore, there is a positive correlation between human resources competency (X_1) and financial statement quality (Y). A positive correlation can be interpreted that the increase in human resources competency means the increase in financial statement quality.

The next section discussed whether or not the correlation has a significant effect. This research tested the H_1 (Human Resources Competency has a significant effect on Financial Statement Quality). The level of trust used was 95%. If the value of T is greater than T_{table} or the significant value is below 0.05, then H_1 was accepted. Otherwise, H_1 was rejected if the value of T is less than T_{table} or the significant value is above 0.05.

Based on the result of regression analysis, we got the value of T (1.997) which is greater than T_{table} (1.98373) and the significance value (0.049) which is below 0.05. This results suggested that H_1 is accepted which means that human resources competency had a significant effect on financial statement quality.

Hypothesis Test of Financial Accounting System and Financial Statement Quality

According to Table 15 above, it is known that the coefficient regression variable of financial accounting system is 0.410 (positive). Therefore, there is a positive correlation between financial accounting system (X_2) and financial statement quality (Y). A positive correlation can be interpreted that the increase in financial accounting system also means the increase in financial statement quality.

The next section discussed whether the correlation has a significant effect or not. We tested the H_2 (Financial Accounting System has a significant effect on Financial Statement Quality). The level of trust used was 95%. If the value of T is greater than T_{table} or the significant value is below 0.05, then H_1 was accepted. Otherwise, H_1 was rejected if the value of T is less than T_{table} or the significant value is above 0.05.

Based on the result of regression analysis, we got the value of T (4.879) which is greater than T_{table} (1.98373) and the significance value (0.000) which is below 0.05. This results suggested that H_2 is accepted which means that Financial accounting system had a significant effect on financial statement quality.

b. Statistical F-test (in Simultaneous Testing)

A simultaneous hypothesis test was used to determine the relationship between the independent variables (X_1 and X_2) and the dependent variable in simultaneously. In other words, this simultaneous test aimed at analyzing H_3 (the effect of human resources competency and the implementation of the financial accounting system to financial statement quality).

According to Table 15 above, the value of F is 46.9112 which is greater than F_{table} with 3.09. This result shows that the X_1 and X_2 variables simultaneously have an effect on the Y variable or in other words, the human resources competency and the implementation of financial accounting system simultaneously have an effect on the financial statement quality.

Further analysis showed that the significance value is less than 0.05 with the value of 0.000. The conclusion is the human resources competency and the implementation of financial accounting system in simultaneously have an effect on the financial statement quality.

7. The Coefficient of Determination (R^2)

From the previous analysis, we know that there is a significant effect between human resources competency and the implementation of the financial accounting system to financial statement quality. The next section, we move on to discuss how significant the effect of X variables towards the Y variable.

Based on the output from Table 16 above, we can see that the value of the adjusted coefficient determination (R^2) is 0.471 (this value comes from the result of squaring the correlation coefficient or R which is 0.686 * 0.686 = 0.471). The coefficient of the determination of 0.471 is equal to 47.1%, while the remaining 52.9% (100% - 47.1%) is influenced by other variables outside this regression model.

In summary, we can conclude that human resources competency and the implementation of financial accounting system influence the financial statement quality by 47.1%. While the remaining 52.9% is influenced by other variables outside this variables.

Discussion

This research aimed at proving the effect of human resources competency and the implementation of regional financial accounting system towards regional financial statement quality in The Regional Financial Unit in Salatiga City empirically.

The last finding is the third hypothesis testing. The result of this test is both independent variables simultaneously have a significant effect on the financial statement quality. The human resources competency and the implementation of financial accounting system influence the financial statement quality by 47.1%. The remaining 52.9% is influenced by other variables outside these variable. Although less than half percent, 47.1% is quite a large number considering there are only two independent variables affecting the dependent variable.

Those findings above are also consistent with the information from the Chief Financial Officer of BKD, Siswo, who said that there were several problems with the financial statements in changing from cash basis to accrual basis in 2015. The problems were due to the lack of human resources competencies, so the employees had to be trained again and again to make the financial statement with accrual basis and affected in retard of financial reporting. The financial statements year 2015 had finished in the beginning of 2017 along with the financial statements year 2016.

CONCLUSION

The conclusion in this research is that human resources competency and the implementation of financial accounting system do affect the financial statement quality in the regional units in Salatiga city. The study can help the government entities to identify the significant variables to improve the quality of financial statement by increasing the competency of human resources. Competency models can be used in training and development programs if there is any changing in government regulations in making a financial statement for governmental entities. This research is limited to the other variables that might affect the financial statement quality such as organizational commitment, internal control, etc. Further research on this topic can help the government entities by adding more variables and also adding the interaction models to improve the quality of the financial statement at The Regional Financial Unit in Salatiga city.