

The Influence of Accounting Understanding and Human Resource Competence on the Quality of Msmes Financial Reports in Banyumas Regency

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ABSTRACT

The purpose of this study is to ascertain the impact of human resource competency and accounting knowledge on the caliber of financial reports produced by Micro, Small, and Medium-Sized Enterprises (MSMEs) in the Banyumas Regency. The research employed a survey strategy in conjunction with a descriptive method. Data collection techniques were carried out through distributing questionnaires. Multiple regression modeling in SPSS version 23 is employed to analyze the data. Accounting knowledge was found to have no bearing on the quality of financial reports prepared by MSMEs, while human resource competence was found to have a positive and statistically significant impact.

Keywords: Accounting Understanding; Entrepreneurship; Financial Statements; Human Resources; Micro, Small and Medium Enterprises (MSMEs).

1. Introduction

The existence of Micro, Small and Medium Enterprises (MSMEs) in Indonesia plays a very important role in improving the regional economy. In addition, MSMEs also play a role in helping people who have a middle to lower economic level. Banyumas Regency is one of the regions in Indonesia that has considerable MSMEs potential. According to the Central Java Province Office of Cooperatives and MSMEs, there are 8,550 registered MSMEs from Banyumas Regency. The existence of these businesses is expected to make a positive contribution to regional income and community welfare in Banyumas. Therefore, it is important to pay attention to factors that can affect the quality of MSMEs financial reports, including accounting understanding and staff competence, to ensure the sustainability and success of MSMEs in contributing to the regional economy.

Many entrepreneurs do not realize the importance of financial reporting. In practice, there is only a record of how much money has been spent on buying raw materials and how much money has

been generated by sales. The difference from these activities is recorded as profit or loss. In fact, accounting needs to know more than just profit and loss. The bookkeeping function is essential as it allows easy and detailed systematization of the profit and loss earned. The bookkeeping process from confirming transactions to preparing financial statements allows entrepreneurs to have adequate information for management decision-making, as a tool for financial control and monitoring, as a material for evaluating business performance and as an information material for external parties (banks / other financial institutions) when business actors need additional funds to run their business.

2. Literature Review and Hypothesis Development

2.1 Literature Review

2.1.1 Resource Based View (RBV)

Resource Based View (RBV) is a theory proposed by Wernerfelt in 1984. Resource Based View (RBV) or a concept that uses a resource approach is a theoretical development intended to analyze the company's competitive advantage based on aspects of knowledge (learning economy / knowledge) and other intangible assets (intangible assets) (Aida, R. N., and Rahmawati, E., 2015). So that the better the resources owned by the company will be accompanied by the potential for better report presentation. (Hanifah, 2022).

2.1.2 Financial Statement

According to (Harahap, 2015) financial statements are information that is deliberately made to describe the financial condition and results of the company's business in a certain period and time.

2.1.3 Accounting Understanding

According to the Financial Accounting Standards Board (FASB) (2017), accounting is an activity that functions to provide quantitative information and can provide benefits in economic decision making. Accounting understanding is something that has been absorbed as an understanding of accounting both in theory and practice (Menne, F., Setiawan, A., & Nasriati, A., 2020).

2.1.4 Human Resource Competencies

Wiley in (Sulistiyowati, 2017) defines resources as the main supporting pillar as well as the driving force for the wheels of the organization in an effort to realize the vision and mission and goals of the organization.

2.1.5 MSMEs

Micro, Small and Medium Enterprises (MSMEs) according to Law No. 20 of 2008 are trading businesses managed by individuals who refer to productive economic businesses with criteria set out in the Law.

2.2 Hypothesis Development

2.2.1 The Effect of Accounting Understanding on the Quality of MSMEs Financial Statements

Poerwadarminta (2006) asserts that accounting knowledge is a process that aids in gaining understanding of the role of human resources in the world of today's increasingly rapid corporate

development (Riyadi, 2020). Organizational success depends on human resource efficiency. One can be said to fully understand the accounting process if they can produce excellent financial reports by adhering to the rules and regulations of accounting. Based on the Resource Based View (RBV) concept, accounting skills can improve financial reporting quality and precision. Accounting expertise will improve one's capacity to provide more reliable financial reports. (Sari, E. G., & Faisal, Y., 2020).

Research indicates that having a solid understanding of accounting has a good and considerable impact on the caliber of financial reporting (Anaan, 2020; Ni Kadek Pebriantari and Rai Dwi Andayani W., 2021). Accounting understanding seems to positively affect financial reporting quality. Higher levels of accounting comprehension are correlated with higher-quality financial reporting. It is possible to draw the conclusion that accounting knowledge improves the caliber of financial reporting by MSME's based on the findings of earlier studies. Thus, the following hypothesis is put out by this study:

H1: Accounting understanding has a positive effect on the quality of MSMEs financial reports.

2.2.2 The Effect of Human Resource Competencies on the Quality of MSMEs Financial Statements

In the context of the Resource Based View theory, one of the keys to successful business management is based on the competence and empowerment of human resources as managers of business units, both personal competence and social and institutional competence. Research by Wirawan (2016), Putriasri and Abdullah (2017), Delvina and Rosananda (2021) states that human resource competence has a positive and significant effect on improving the quality of financial reporting. Based on previous studies, it can be temporarily concluded that human resource competence has a positive effect on the quality of MSME financial reports. Therefore, this study proposes the following hypothesis:

H2: Human resource competence has a positive effect on the quality of MSMEs financial reports.

3. Research Methodology

3.1 Types of Research

This research is a quantitative approach that is explanatory research. The quantitative method is a research method that aims to measure the research subject precisely. Meanwhile, explanatory research, namely a study that seeks to explain the relationship that occurs between the independent variable and the dependent variable through the submission of a previously formulated hypothesis. In addition, this research is also descriptive research, which is a study intended to determine the value of independent variables and not to make comparisons and search for relationships between independent variables (Sugiyono, 2018).

3.2 Object of Research

The objects in this study are accounting understanding and human resource competencies with the subject of this research being Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency.

3.3 Population and Sample

In this study, the population used was 100 Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency. The sample is part of the number and characteristics possessed by a population. The reason for using samples is the limited resources available in carrying out research, such as funding resources, energy and time. Based on this, the data taken from this sample is considered to represent the entire population used (representative) (Sugiyono, 2016).

3.4 Data Collection

In this study, questionnaire distribution, library research, and online investigation are the strategies used to collect data. The questionnaire is a method of gathering data in which participants are asked to respond to a series of written statements or questions. In the meantime, secondary data will be gathered to supplement the primary data collected for the study through the use of library research techniques. This secondary data comes from books and other sources that are connected to the research topic.

3.5 Data Analysis Techniques

Hypothesis testing used in this study is multiple regression test using the help of SPSS version 23.0 software. The multiple regression model used in this study can be formulated as follows:

$$Y = a + b_1X_1 + b_2X_2 + \varepsilon \quad (1)$$

Description:

- Y = Quality of MSMEs financial statements.
- a = Constant
- bi = Direction number or regression coefficient
- X₁ = Accounting understanding
- X₂ = Human resource competence
- ε = *Epsilon*, other factors not mentioned in the model

4. Results

The subjects of this study are micro, small, and medium enterprise (MSMEs) entrepreneurs who manage enterprise units as well as managers who register and report operational activities on a regular basis in the government area of Banyumas district. In this study, 100 samples were used, one for each responder. The answers of the online survey questionnaire served as the foundation for the data collection method. Data from the questionnaire were disseminated during a two-month period, from April to May 2023.

4.1 Respondent Categories

According to the outcomes of the data collection and analysis done on 100 respondents, the following categories of respondents can be identified: Based on gender, the proportion of female

respondents are 68 and male respondents are 32; Based on age, 99 respondents were of productive age, the productive age category was in the range of 15 to 64 years, whereas the remaining 1 respondent was unable to provide information regarding age; Based upon the latest educational level of the respondents, there were 3 respondents in the Elementary school level, 10 respondents in the Junior high school level, 43 respondents in the High school level and the level of degree from Diploma until Master in a row respectively 11 respondents, 28 respondents, 3 respondents and 2 respondents are unwilling to give information about their last educational background; Based on the majors of the respondents, 8 respondents were spread across administration majors, 38 respondents had educational backgrounds majoring in economics and computer science (technology), 38 respondents had majoring in non-economics and computers (agribusiness, teaching, languages, etc.) and the remaining 16 respondents did not mention their educational background; Based on working period, 18 respondents who had working period of 0 to 3 years, 34 respondents had working period of 3 to 5 years, and respondents with working period of more than 5 years were 45 respondents, the remaining 3 respondents did not provide information on length of service.

4.2 Descriptive Test

4.2.1 Understanding of Accounting in Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency

Descriptive statistical testing regarding understanding of accounting was carried out on 100 respondents spread across MSMEs in the Banyumas Regency area by providing 11 statement items which aimed to test the understanding, knowledge and abilities of MSME entrepreneurs/employees in accounting. The data obtained from distributing the questionnaire is as follows:

Table 1. Descriptive Statistics of Accounting Understanding

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
AU1	100	6	7	6.10	.302
AU2	100	6	7	6.09	.288
AU3	100	6	7	6.08	.273
AU4	100	6	7	6.20	.402
AU5	100	6	7	6.16	.368
AU6	100	6	7	6.10	.302
AU7	100	6	7	6.10	.302
AU8	100	6	7	6.25	.435
AU9	100	6	7	6.13	.338
AU10	100	6	7	6.69	.465
AU11	100	6	7	6.17	.378

TOTAL	100	6	7	6.08	.273
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Resource: Data processed by the author, 2023

Based on table 1, it can be seen that in general all the questionnaire statement items distributed to 100 respondents were in the very good category.

4.2.2 Human Resource Competencies in Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency

Descriptive statistical testing regarding human resource competency was carried out on 100 respondents spread across Micro, Small and Medium Enterprises (MSMEs) in the Banyumas Regency area by providing 13 statement items which aimed to determine the abilities or competencies possessed by employees regarding competency, the expertise and skills of the employee concerned in carrying out their duties and responsibilities. The data obtained from distributing the questionnaire is as follows:

Table 2. Descriptive Statistics of Human Resource Competencies

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
HRC1	100	1	5	3.68	.764
HRC2	100	1	5	3.59	.818
HRC3	100	1	5	3.83	.711
HRC4	100	2	5	3.91	.668
HRC5	100	2	5	3.47	.797
HRC6	100	2	5	3.53	.810
HRC7	100	1	5	2.84	.884
HRC8	100	2	5	3.48	.717
HRC9	100	2	5	3.77	.679
HRC10	100	2	5	3.48	.717
HRC11	100	2	5	3.83	.587
HRC12	100	1	5	3.50	.810
HRC13	100	1	5	3.87	.677
TOTAL	100	2	5	3.64	.578

Resource: Data processed by the author, 2023

Table 2 above shows that, of the 13 questionnaire statement items submitted by the respondents regarding human resource competency (X2), the lowest response value is 1, indicating a strong disagreement with the statement items submitted, and the highest answer value is 5, indicating a

strong agreement or very positive response to the statement items proposed on the questionnaire sheet. In addition, the average response to all statement items in the questionnaire is 3.64, falling between 3.41 and 4.20. Based on these data, it can be said that MSMEs in Banyumas Regency have good human resource competencies that support business performance and governance with a relatively even distribution (mean > standard deviation).

4.3 Hypothesis Test

4.3.1 Coefficient of Determination Test Results

Determination tests that use more than two independent variables are based on the adjusted R squared value obtained from SPSS v.23 calculation results

Table 3. Coefficient of Determination Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584 ^a	.341	.327	.479

a. Predictors: (Constant), Human Resource Competencies, Understanding of Accounting

Resource: Data processed by the author, 2023

Table 3 above demonstrates that the adjusted R squared value is 0.327, indicating that only 32.7% of the dependent variable can be explained by the independent variable employed, with the remaining 64% being influenced by factors not studied in this study. These other variables may include prior formal education and training received.

4.3.2 Hypothesis Test Results

The results of hypothesis testing in this research are as follows:

Table 4. Hypothesis Test Result

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.171	1.198		.978	.331
Accounting Understanding	.057	.180	.026	.314	.754
HR Competencies	.595	.085	.589	6.995	.000

a. Dependent Variable: Financial Statement

Resource: Data processed by the author, 2023

Based on table 4 above, the regression in this research can be formulated as follows:

$$Y = 1,171 + 0,057X_1 + 0,595X_2 + \varepsilon \quad (2)$$

Based on the regression model equation above, it can be interpreted as follows:

- A constant value (α) of 1.171 indicates that if all the independent variables used are equal to 0 then the quality value of MSME financial reports is 1.171.
- The regression coefficient value of accounting understanding is 0.057, which indicates that for every increase in the accounting understanding variable accompanied by other variables remaining constant, the value of the quality of MSME financial reports will also increase by 0.057.
- The regression coefficient value of human resource competency is 0.595, which indicates that for every increase in the human resource competency variable accompanied by constant other variables, the quality value of MSME financial reports will also increase by 0.595.

The hypothesis testing used in the research is based on a comparison between the t_{count} and t_{table} values at a significance level of 5% where the t_{count} value is obtained from the results of data processing using SPSS software and the t_{table} value is obtained by looking at the value in the statistical t-table on row 97 (results from N-K-1 or 100-2-1) where the K value is the number of independent variables used in the research so it is known that the t_{table} value is 1.98472.

1. Hypothesis 1

H_{01} : Understanding accounting has no effect on the quality of financial reports for Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency.

H_{a1} : Understanding accounting influences the quality of financial reports for Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency.

Variable X1 is that the accounting understanding has a t_{count} value of $0.314 < t_{table}$ (1,98472) or a significance of $0.754 > 0.05$ thus the H_{01} hypothesis is accepted and H_{a1} rejected which means that the understanding of accounting does not affect the quality of financial reporting for Micro, Small and Medium Enterprises (MSMEs) in Banyumas District.

2. Hypothesis 2

H_{02} : The competence of human resources does not affect the quality of financial reporting of Micro, Small and Medium Enterprises (MSMEs) in Banyumas District.

H_{a2} : Human resources competence has an impact on the quality of financial reporting for Micro, Small and Medium Enterprises (MSMEs) in Banyumas District.

The X2 variable of human resource competence has a t_{count} value of $6,995 > t_{table}$ (1,98472) or a significance value of $0,000 < 0,05$ thus the H_{02} hypothesis is rejected and

Ha2 accepted which means that human resources competency has a positive and significant influence on the quality of financial reporting for Micro, Small and Medium Enterprises (UMKM) in Banyumas District.

5. Discussion

5.1 Impact of Accounting Understanding on the Quality of Financial Reporting of Micro, Small and Medium Enterprises (MSMEs) in Banyumas District

Research disproves the first hypothesis that accounting knowledge improves financial reporting by Micro, Small, and Medium Enterprises (MSMEs) in Banyumas District. It is acknowledged that the quality of financial reporting for Micro, Small, and Medium-Sized Enterprises (MSMEs) in Banyumas District is unaffected by one's knowledge of accounting. This can happen because generally speaking the MSMEs in Banyumas district has no background in accounting or finance. This assumption becomes logical because out of 100 respondents surveyed, respondents with a background in accounting, economics, finance and computers are only 38 people, or the equivalent of 38% of the total respondents. Furthermore, the supposed factor behind this ineffectiveness is the difference in the scale of measurement used where accounting understandings use the guttman scale and the financial reporting quality variables use a more varied likert scale.

5.2 Impact of Human Resource Competence on Quality of Financial Reporting of Micro, Small and Medium Enterprises (MSMEs) in Banyumas District

This research supports the second hypothesis that human resource competency improves financial reporting of Micro, Small, and Medium Enterprises (MSMEs) in Banyumas area. It is aware that the quality and reporting quality of MSMEs in the Banyumas district are significantly impacted negatively by human resource competency. The study's basic hypothesis is based on the Resource Based View theory, which holds that an entity's ability to successfully govern itself is largely dependent on the competency and capacity of its human resources managers, including their institutional, social, and personal skills. To put it another way, an individual's level of competency can affect how successful an enterprise is.

6. Conclusion

The following conclusions can be drawn from the findings of the studies and discussions conducted on the impact of accounting knowledge and human resources competency on the quality of financial reporting of Micro, Small, and Medium-Sized Enterprises (MSMEs) in the Banyumas district:

- Understanding accounting does not affect the quality of financial reporting for Micro, Small and Medium Enterprises (MSMEs) in Banyumas District;
- Human resources competence has a positive and significant impact on the quality of financial reporting for Micro, Small and Medium Enterprises (MSMEs) in Banyumas District.

For every MSMEs located in Banyumas district, it is expected to present financial reports in fact so that the level of reliability and quality remains awake. Although each variable used shows good results, MSMEs management always needs to make improvements to every aspect that is material so that performance and quality of MSMEs can remain awake and competitive.

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