

## The Effect of Good Governance and Human Resources Capacity On The Quality of Financial Statements In 2019-2021 In Minahasa Utara District

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### Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh good governance dan kapasitas sumber daya manusia terhadap kualitas laporan keuangan pemerintah daerah di Kabupaten Minahasa Utara. Populasi dalam penelitian ini adalah seluruh pegawai di Badan Pengelola Keuangan dan Pendapatan Daerah. Sampel penelitian ini adalah seluruh pegawai di Badan Pengelola Keuangan dan Pendapatan Daerah yang berjumlah 70 responden. Jenis data yang digunakan adalah data primer dengan cara melakukan survey langsung ke objek penelitian agar diperoleh data yang akurat. Cara memperoleh data tersebut adalah dengan menyebarkan kuesioner kepada responden penelitian. Hasil penelitian ini membuktikan bahwa secara parsial variabel good governance berpengaruh signifikan terhadap kualitas laporan keuangan Pemerintah Kabupaten Minahasa Utara dan variabel kapasitas sumber daya manusia berpengaruh signifikan terhadap kualitas Laporan Keuangan Pemerintah Kabupaten Minahasa Utara. Secara simultan good governance dan kapasitas sumber daya manusia berpengaruh signifikan terhadap Kualitas Laporan Keuangan Pemerintah Kabupaten Minahasa Utara. **Kata kunci:** *Tata pemerintahan yang baik; Kapasitas Sumber Daya Manusia; Kualitas Laporan Keuangan.*

### Abstract

The objectives of this research are to determine the effect of good governance and human resource capacity on the quality of local government financial statements in North Minahasa Regency. The population of this research is all employees in the Regional Finance and Revenue Management Agency. The research sample is all employees in the Regional Finance and Revenue Management Agency, totaling 70 respondents. The type of data used is primary data by conducting a direct survey to the object of research in order to obtain accurate data. The way to obtain these data is by distributing questionnaires to research respondents. The results of this study prove that partially the good governance variable has a significant effect on the quality of the financial statements of the North Minahasa Regency Government and the human resource capacity variable has a significant effect on the quality of the North Minahasa Regency Government's Financial Statements. Simultaneously, good governance and human resource capacity have a significant effect on the Quality of Financial Statements of the North Minahasa Regency Government.

**Keywords:** *Good governance; Human Resources Capacity; Quality of Financial Statements.*

### INTRODUCTION

In Indonesia, the central government gives authority to their respective district/city governments to manage and develop every available potential. What we know is that in each district

or city there are various resources and different potentials. District/city governments are required to maximize all available resources and potentials to build facilities and infrastructure for the community, of course, no small amount of money is needed to carry out such development. As we know that taxes are the largest source of income for the state. Taxes here play an important role in helping regional development which will be felt by the community in the future. In order to maximize regional autonomy so that regions do not continue to receive contributions from the central government, local tax collection must be maximized. Judging from the collection agency, taxes are divided into two, namely central taxes and local taxes. Central tax is a tax set by the central government through a law whose proceeds are used to finance central government spending and development. Regional taxes are mandatory contributions made by regions to individuals or entities without balanced direct compensation, which can be imposed based on applicable laws and regulations used to finance regional government administration and regional development.

The definition of tax according to Law No. 16 of 2009 concerning the fourth amendment to Law No. 6 of 1983 concerning general provisions and procedures for taxation in Article 1 paragraph 1 reads that tax is a mandatory contribution to the state owed by an individual or entity that is coercive. based on the law, without receiving direct compensation and being used for the needs of the state for the greatest prosperity of the people. Meanwhile, according to Prof. Dr. Rochmat Soemitro, SH, taxes are people's contributions to the state treasury based on the law by receiving reciprocal services that can be directly shown and which are used to pay general expenses.

The issuance of Law no. 32 of 2004 concerning regional balance has an impact on sources of state and regional revenues. Regions are allowed to look for sources of regional income, one of which is by collecting local taxes. The levy imposed by the government is the withdrawal of economic resources by the government to the community in order to finance expenditures made by the government to carry out government duties or serve the interests of the community. Withdrawal of levies made by the government to the people, must meet the requirements that must be determined by law or other regulations, have general certainty and guarantee that the levy will be returned to the community.

The background of the reform of the collection of regional taxes and regional levies in Indonesia today is inseparable from the enactment of the new regional tax and levy laws, namely Law No. 18 of 1997 and Law No. 34 of 2000. Law No. 18 1997 was ratified as an effort to change the system of regional taxation and regional levies that took place in Indonesia, which caused many obstacles, both in determining and collecting them. In the development of the implementation of the law, the government and the DPR feel that it is necessary to make changes and improvements in line with the development of the macroeconomic situation and changes in socio-political conditions, which are marked by the growing spirit of regional autonomy. Thus, law number 34 of 2000 is an improvement to law number 18 of 1997.

Currently in Indonesia, especially in the regions, the withdrawal of economic resources through regional taxes and regional levies is carried out with clear legal rules, namely by regional regulations and regional head decisions so that they can be applied as a source of regional revenue. This shows that there are similarities between taxes and levies, namely levies by local governments to the community based on clear and strong legal rules.

North Minahasa Regency is a district that connects several regions between districts/cities and provinces and has a very wide area in North Sulawesi Province. Based on the information, the number of hotel developments, entertainment venues and restaurants is increasing considering that North Minahasa has a sizeable area of all regencies/cities in North Sulawesi. The increasing

development in North Minahasa also cannot be separated from the natural resources that are owned there, the number of companies in the region that utilize natural resources in the district. There are many hotels, restaurants, entertainment venues, billboards and others, which means there is also a lot of tax collection going on there. Based on data obtained from the Regional Tax and Levy Management Agency (BPPRD) of North Minahasa Regency in 2019, the realization of regional taxes and levies increased quite significantly where the Hotel Tax rose 122% from the target, Hotel Tax reached 94% from the target, Entertainment Tax achieved 56%, Advertising Tax reached 118% of the target, Road Lighting Tax 93% of the target, Tax on Non-Metal Minerals and Rocks reached 135% of the target, Groundwater Tax reached 133% of the target, Swallow's Nest Tax achieved 105% of the target, Duties on the Acquisition of Land and Building Rights reached 107% of the target, PBB reached 87% of the target, and Retribution for Alcoholic Drinks Sales Permits reached 138% of the target from the available data we can find out how many sources of local tax collection exist in North Minahasa.

There are several Regency/City Taxes that have not been realized in accordance with the targets that have been set. North Minahasa as the person in charge of the management of regional taxes and levies must optimize and maximize the collection of these taxes. How big and small the regional income depends on the mechanism of how it is collected. Based on the data discussed above, and the unrealized target is a problem that triggers researchers to find out what happened during that period.

In this study, the researcher used the Regional Finance and Revenue Management Agency for the research sample, because the Regional Finance and Revenue Management Agency was able to represent all SKPDs in North Minahasa Regency because it had an important role in the process of reporting and managing local government finances, as for the duties of Regional Finance and Revenue Management Agency, namely assisting the Regent in carrying out the functions of supporting government affairs in the field of financial management and regional income. The purpose of this research is to find out whether the implementation of Good Governance and Human Resource Capacity has an influence on the Quality of Regional Financial Statements in North Minahasa Regency.

Based on the description above, the researchers took the title The Effect of Good Governance Implementation and Human Resource Capacity on the Quality of Financial Statements for 2019-2021 in North Minahasa Regency.

## **METHODS**

The method used in this research is quantitative method. This research uses primary data, namely the survey method by giving questionnaires to respondents directly to the research object area in order to obtain accurate data. The technique of collecting data with questionnaires means the technique by giving questions or statements in writing to the respondents to be answered. Questionnaires distributed in the form of a list of questions or statements related to the object under study, accompanied by an application for permission to conduct the research. In this study, there are two variables, namely two independent variables and one dependent variable. The independent or independent variables are Good Governance and Human Resource Capacity, while the dependent variable is the Quality of Financial Statements.

The population for this research are all employees of the Regional Finance and Revenue Management Agency, totaling 70 people. The sample method used in this study is a saturated sample, where the sampling technique is that all members of the population are used as samples. In

this study, the sample is the leadership and all employees in the Regional Finance and Revenue Management Agency of North Minahasa Regency, amounting to 70 people.

## RESULTS AND DISCUSSION

Validity test is used to measure the validity of the questions contained in the research instrument. The table below is the result of the validity test of each question on the three variables.

Table 1. Validity Test Results

Variable	Items	R Count	R Table	Information
Implementation of Good Governance	1	0.760	0.235	Valid
	2	0.800	0.235	Valid
	3	0.669	0.235	Valid
	4	0.648	0.235	Valid
	5	0.595	0.235	Valid
Human Resources Capacity	1	0.826	0.235	Valid
		0.859	0.235	Valid
	2			
	3	0.856	0.235	Valid
	4	0.872	0.235	Valid
	5	0.799	0.235	Valid
	6	0.521		
7	0.701			
Financial Statement Quality	1	0.753	0.235	Valid
	2	0.773	0.235	Valid
	3	0.638	0.235	Valid
	4	0.707	0.235	Valid
	5	0.654	0.235	Valid

Source: Processed data with SPSS 25

From the results of the validity test above, it can be seen that the question items contained in these three variables are all declared valid, it can be seen from the results shown by the calculated r value for each item that is greater than r table.

Reliability test is used to determine the level of stability of a measuring instrument in measuring a symptom. The table below is the result of the reliability test for each question from the three variables.

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	N of Items
Implementation of Good Governance	0.732	5
Human Resources Capacity	0.894	7
Financial Report Quality	0.740	5

Source: Data Processed by SPSS 25

From the results of the reliability test above, the conclusions obtained from *Cronbach's Alpha* are good for the three variables, all indicators of the questionnaire questions are declared reliable, because according to the specified criteria this value is greater than 0.6.

Based on the results of the research, it is shown that the variables of the implementation of good governance and human resource capacity simultaneously have an influence on the quality of the financial statements of the local government of North Minahasa Regency. This is indicated by the results of the F test below.

Table 3. F Test Results

ANOVA <sup>a</sup>	
Model	F
1	3.248

Source: Processed data with SPSS 25

Based on the table above, it can be seen that the Fcount value is 3.248 with the Ftable value of 3.15. It can be noted that because the value of Fcount 3.248 is greater than Ftable 3.15, it can be concluded that all independent variables have a simultaneous effect on the quality of financial Statements. This means that the Government has considered the factors of Good Governance and Human Resource Capacity in an effort to improve the quality of financial Statements. This is in line with the results of research conducted by Vika Errina Agustining Tyas (2020), Kiki Veronica Agatha (2020), and Ni Made Mei Anggreni (2018) which proves that the Implementation of Good Governance and Human Resource Competence have a simultaneous effect on the Quality of Financial Statements.

The results of the study also prove that partially the variables of Good Governance Implementation and Human Resource Capacity have an influence on the Quality of Financial Statements of the Regional Government of North Minahasa Regency. This is indicated by the results of the T test below.

Table 4. T -Test Results

Coefficients <sup>a</sup>		
Variable	t	Sig.
Good governance	2,157	.035
Human Resources Capacity	1,233	222

Source: Processed data with SPSS 25

The T-value obtained from the variable of Good Governance implementation is 2.157, which is greater than t-table 1.1998, while the significance level is  $0.035 > 0.05$ . Therefore, the proposed hypothesis is accepted. This means that the implementation of Good Governance partially and significantly affects the quality of government financial Statements. These results illustrate the direction of a positive relationship that the implementation of good good governance will tend to produce a good quality of financial statements as well. The higher the application of Good Governance that is applied in preparing financial Statements, the better the results of the Quality of Financial Statements that are prepared. This study has the same results as the research of Kiki Veronica Agatha (2020), and Ni Made Mei Anggreni (2018) which proves that the implementation of good governance has an influence on the quality of financial statements.

Meanwhile, the T-value obtained from the Human Resource Capacity variable is 1.233, which is greater than t-table 1.1998, while the significance level is  $0.222 > 0.05$ . Therefore, the proposed hypothesis is accepted. This means that good human resource capacity has a positive influence on the quality of the financial statements of North Minahasa Regency, the better the existing human resource capacity. Especially for employees in the accounting and finance department, the better the quality of the financial Statements produced. This research is in line with research conducted by Kiki Veronica Agatha (2020), and Ni Made Mei Anggreni (2018) which proves that Human Resource Capacity has an influence on the Quality of Financial Statements.

## CONCLUSIONS

From the results of the study, the researchers concluded that: The implementation of Good Governance and Human Resource Capacity had a positive and significant partial effect on the Quality of Financial Statements of the North Minahasa Regency Government, and the Implementation of Good Governance and Human Resource Capacity together had a significant and significant effect on Quality of North Minahasa Regency Government Financial Statements.

Based on the results of this study, it is recommended that in order to achieve a good quality of financial Statements, local governments should pay more attention to the implementation of good governance by increasing capacity source power people who really have high integrity. For further researchers, researchers also give suggestions to be able to conduct research on other agencies or agencies and can also add other variables to determine the consistency of the research results.

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