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# The Influence of Human Resource Competence and Information Technology Utilization on the Quality of Financial Reports (Study on Regional Office XI of the State Civil Service Agency)

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**Abstract.** This study aims to determine how much influence Human Resources Competence (X1) and Information Technology Utilization (X2) have on the Quality of Financial Reports (Y) both partially and simultaneously. This research was conducted at the Regional Office XI of the Manado State Civil Service Agency, the technique of distributing questionnaires using google forms distributed to 89 employees at the Regional Office XI of the State Civil Service Agency. Data analysis was carried out by testing variant-based Partial Least Square (PLS) or components of the Structural Equation Modeling (SEM) approach and testing the effect of independent variables on the dependent variable with the smart-PLS program, but the Classical Assumption Test was still carried out with the SPSS program. The results showed that Human Resources Competence and Information Technology Utilization both partially and simultaneously had a significant effect on the Quality of Financial Reports of Regional Office XI of the Manado State Civil Service Agency. The results of the coefficient of determination (R<sup>2</sup>) show 0.587, meaning that the variables of HR competence and utilization of information technology as predictor variables simultaneously have an influence of 58.7% on the quality of financial reports. Through the results of the research that has been done, it is recommended to carry out continuous human resource development and optimization of information technology by updating infrastructure.

**Keywords.** Competence, Human Resources, Information Technology Utilization, Quality of Financial Reports

## A. INTRODUCTION

The demand for public accountability of government institutions encourages every state agency to systematically formulate strategies, implement performance measurement systems, and submit transparent performance reports (Pratama et al., 2023) [1]. This dynamic arises as a logical consequence of the principle of public accountability, where every state organizer is obliged to account for all government activities to the people as the owner of the highest sovereignty in the state system (Resmadiktia et al., 2023) [2].

Growing public expectations for transparency and bureaucratic performance have changed the paradigm of government management, where performance reporting is no longer

just fulfilling administrative obligations, but is an important instrument in building public trust. In this context, the preparation of a comprehensive strategy and performance measurement is a fundamental prerequisite for the realization of good governance, as well as a tangible manifestation of the government's commitment to provide full accountability for the mandate it receives from the people.

Accountability of public institutions, causing all government agencies are required to develop strategies, measure performance and report it. The higher demands refer to the accountability that must be given by state administrators to the public as the highest sovereignty holder of the state. Accountability is considered a key factor in transforming government from a condition that is unable to deliver public services properly and is full of corruption towards a more democratic government system. Every government institution is obliged to implement good financial management and account for the use of the budget in accordance with its role and authority, which is based on the strategic planning that has been determined (Asmawanti et al., 2020) [3].

Prior to 2003, state financial management in Indonesia still used Dutch colonial-era regulations as the basis for regulating state financial governance, including treasury and budgeting systems. During its enactment, these regulations were still oriented towards the colonial financial administration system and had not been specifically adapted to the conditions of post-independence Indonesia. Therefore, as an effort to reform state finances, the government in 2003 enacted Law No. 17/2003 on State Finances, which became the main foundation for changes in the state financial management system. To strengthen its implementation, the government then issued Government Regulation (PP) Number 71 of 2010 concerning Government Accounting Standards (SAP), which replaced the previous regulation, namely PP Number 24 of 2005 (Norkamsiah et al., 2016) [4].

Based on Government Regulation Number 71 of 2010, financial statements are defined as systematically arranged reports that reflect the financial position and transaction activities carried out by an organization or agency. Financial statements aim to provide information related to the financial position, budget realization, budget balance more, cash flow, operational performance, and changes in equity of a reporting entity (Hidayat & Sari, 2021) [5]. This information is useful for stakeholders in the decision-making process and evaluation of resource allocation.

In order to meet the quality standards set, government financial statements must meet the following qualitative characteristics: relevant, reliable, comparable and understandable. In addition, the Supreme Audit Agency (BPK) annually provides an official opinion on the Financial Statements of Ministries/Institutions. The following is an overview of BPK's opinion in the last five years (2019-2023), based on the Audit Report on Central Government Financial Statements published on BPK's official website.

**Table 1.** Audit Report on Central Government Financial Statements 2019-2023

Year	SPI Compliance	Weaknesses and Issues	BPK Opinion			
			WTP	WDP	TMP	TW
2019	31		85	2	1	-
2020	26		85	2	-	-
2021	27		84	4	-	-
2022	16		82	1	-	-
2023	14		81	4	-	-

*Source: Data processed by researchers, 2025.*

Based on Presidential Regulation Number 92 of 2024, the State Civil Service Agency (BKN) is defined as a non-ministerial government agency that has the authority to formulate technical policies, provide guidance, provide services, and oversee the implementation of State Civil Apparatus (ASN) management policies, including monitoring the implementation of the merit system. In carrying out its role, BKN carries out various strategic functions that include formulating technical policies for ASN management, fostering the implementation of these policies, and providing related services. In addition, BKN is also responsible for controlling and supervising the implementation of ASN management technical policies, including the implementation of the Merit System.

BKN also has an important role in the integrated digitization of ASN management nationally, the management of ASN data and information, and the preparation of various policy instruments such as norms, standards, procedures, and criteria. Technical guidance and supervision functions are also part of BKN's duties, along with coordinating the implementation of tasks and providing administrative and substantive support to all organizational units under it. In addition to managerial aspects, BKN also carries the responsibility of managing state property under its authority, as well as carrying out internal supervisory functions for all activities within BKN.

Thus, BKN plays a central role in ensuring the effectiveness and efficiency of ASN management as a whole, from policy formulation to implementation in the field, including supervision and evaluation to ensure the achievement of professional and integrity ASN governance (Sendouw et al., 2023) [6]. The State Civil Service Agency (BKN) is an institution that is structurally under the coordination of the President with reporting through the Minister in charge. In carrying out its duties, BKN has an organizational structure that includes 14 Regional Offices and 1 ASN Employee Development Center. One of the BKN work units is Regional Office XI which oversees three provinces namely North Sulawesi, Gorontalo and North Maluku.

As part of the Central Government Institution, financial reporting within the State Civil Service Agency is an interesting topic for further study. This is based on the results of an examination by the Supreme Audit Agency on the Financial Statements of the State Civil Service Agency (BA-088), when viewed and measured by the materiality of misstatements, the Supreme Audit Agency concluded that the Financial Statements of the State Civil Service Agency deserve an Unqualified Opinion (WTP) since 2009. This means that BKN has received an unqualified opinion for 14 consecutive years, but each year there are still weaknesses in internal control and compliance with laws and regulations.

Through the view of the Resource-Based View (RBV) theory proposed by Jay Barney, that the internal resources of the organization are the main key in building sustainable competitive advantage. These resources include all assets, competencies, organizational mechanisms, company characteristics, data, and knowledge that are under the control of the organization (Widagdo et al., 2019) [7].

Among the various factors that determine the quality of financial statements, human resource competence plays an important role. This is because the financial statements themselves are a tangible manifestation of the application of accounting disciplines. Focusing on the Central Government Financial Statements, competent human resources are needed in the field of government accounting to produce quality Financial Statements of Ministries and institutions. Achieving the quality of government financial statements requires competent human resources with the following criteria: first, having a strong scientific basis in accounting; second, mastering the regulatory framework in the field of state financial management; third,

constantly improving competence through periodic training; and fourth, having a track record of experience in the field of government financial administration.

The second factor that affects the quality of financial statements is the use of information technology. The explanation contained in Government Regulation No. 56/2005 regarding the Financial Information System explicitly mandates a comprehensive policy framework. This policy was born in response to the need to ensure that the entire national and regional development process can be implemented consistently with the principles of good governance. In this context, the central and local governments have a constitutional responsibility to actively adopt and develop various innovations in the field of information technology. The development of information technology is not just a formality, but a strategic imperative that has two main objectives. First, as a means to increase capacity and effectiveness in the overall management of state finances. Second, it serves as a medium of transparency in distributing various financial information to the public as a form of public accountability. The implementation of this policy requires a holistic and integrated approach.

Furthermore, the government is required to optimize the maximum use of contemporary information technology. This optimization is realized through the development of an integrated and comprehensive management information system infrastructure. The system must be able to create an efficient work network, facilitate synergistic work processes between all work units, and simplify various data and information access mechanisms across sectors. Thus, a digital government ecosystem is created that is able to work in an integrated, transparent and accountable manner.

Information technology has three main functions: (1) as a problem-solving tool, (2) a driver of creativity, and (3) a supporter of work effectiveness. In the context of accounting, when technological devices such as computers and software are integrated into the accounting information system, the result is financial reports that are more accurate and meet applicable standards (Bagaskoro, 2019) [8]. Simply put, technology helps accounting work to be faster, more precise, and according to the rules. Computers and special programs ensure financial data is processed consistently, reduce human error, and produce standardized reports.

In addition, several factors can affect the quality of financial statements, namely the internal control system. The process carried out by management to provide adequate assurance about the achievement of four categories of objectives, namely effectiveness and efficiency of activities, reliability of financial statements, safeguarding state assets and compliance with applicable laws and regulations. Another factor can also be mentioned, namely organizational commitment. According to Wiener's concept cited by Yusuf & Syarif (2017) [9], organizational commitment is an intrinsic motivation within individuals to contribute to the success of the organization, by putting collective goals ahead of personal interests.

Based on the Resource-Based View (RBV) theory, of the many factors that can be considered to affect the quality of financial statements, there are 2 main factors that are interested in being the focus of current research, which can be sorted out as strategic resources that make a significant contribution to organizational excellence. In the context of financial reporting, the HR competency factor and the utilization of information technology are expected to improve the quality of financial statements through the presentation of accurate, timely, and relevant information. Therefore, RBV theory is an appropriate theoretical basis for examining the effect of HR competencies and information technology utilization on the quality of financial statements in this study.

Various studies have been conducted previously to identify factors that affect the quality of financial statements. But in reality, the results of previous studies have not shown

consistent results and have led to various opinions. The importance of this problem motivates researchers to raise the topic "The Influence of Human Resource Competence and Information Technology Utilization on the Quality of Financial Report of Regional Office XI of the State Civil Service Agency". In accordance with the research title, the researcher limits the scope of this research to focus on factors that affect the quality of financial reports within the Regional Office XI of the Manado State Civil Service Agency.

## B. METHOD

The approach used in this research is quantitative, which is a study to assess the relationship between variables that have cause and effect. Quantitative research is a scientific approach that relies on structured data collection techniques to obtain information that can be measured numerically. This method utilizes a variety of standardized instruments such as closed questionnaires, standardized tests, or guided interviews specifically designed to produce quantitative data. The main feature of this approach lies in its ability to convert social phenomena or behavior into numbers which can then be analyzed statistically (Sugiyono, 2024) [10].

The population of this study were all ASN employees of Regional Office XI of the State Civil Service Agency totaling 115 employees, while the number of research samples was 89 employees determined using the Slovin formula with a margin of error ( $e$ ) = 5%. The research variables studied were human resource competence (X1), information technology utilization (X2), and financial report quality (Y). The data collection technique used a questionnaire distributed via google form. The data analysis technique used is Structural Equation Modeling (SEM) based on Partial Lies Squares (PLS) using the SmartPLS 4 program.

The following is the formulation of this research hypothesis:

1.  $H_0 : \beta Y_1 \leq 0$ : There is no effect of variable X1 on Y  
 $H_1 : \beta Y_1 > 0$ : There is an effect of variable X1 on Y
2.  $H_0 : \beta Y_2 \leq 0$ : There is no effect of variable X2 on Y  
 $H_1 : \beta Y_2 > 0$ : There is an effect of variable X2 on Y
3.  $H_0 : \beta Y_{12} \leq 0$ : There is no effect of variables X1 and X2 on Y  
 $H_1 : \beta Y_{12} > 0$ : there is an effect of variables X1 and X2 on Y

## C. RESULT AND DISCUSSION

### RESEARCH'S RESULTS

#### *Descriptive Statistical Analysis*

Research conducted on 89 respondents shows that the three variables, namely human resource competence, information technology utilization, and financial report quality, have a mean value in the range of 4, with a maximum value of 5.00 and a minimum of mostly 3.00. The standard deviation value is in the range of 0.5-0.8, showing the tendency of relatively homogeneous answers.

**Table 2.** Descriptive Statistics

Construct	Indicator	N	Max	Min	Mean	Stan. Dev
Human Resource Competence (X1)	X1.1	89	5,00	2,00	4,191	0,819
	X1.2	89	5,00	3,00	4,247	0,739
	X1.3	89	5,00	2,00	4,292	0,690
	X1.4	89	5,00	3,00	4,247	0,675
	X1.5	89	5,00	3,00	4,292	0,640
	X1.6	89	5,00	2,00	4,191	0,634

	X1.7	89	5,00	2,00	4,135	0,706
	X1.8	89	5,00	3,00	4,270	0,614
	X1.9	89	5,00	2,00	4,146	0,758
	X1.10	89	5,00	2,00	4,180	0,680
	X1.11	89	5,00	2,00	4,371	0,677
	X1.12	89	5,00	3,00	4,281	0,618
	X1.13	89	5,00	3,00	4,135	0,622
<b>Information Technology Utilization (X2)</b>	X2.1	89	5,00	3,00	4,292	0,565
	X2.2	89	5,00	3,00	4,292	0,565
	X2.3	89	5,00	3,00	4,337	0,599
	X2.4	89	5,00	3,00	4,213	0,608
	X2.5	89	5,00	2,00	4,112	0,661
	X2.6	89	5,00	3,00	4,180	0,680
	X2.7	89	5,00	3,00	4,315	0,592
	X2.8	89	5,00	3,00	4,315	0,510
	X2.9	89	5,00	3,00	4,303	0,506
	X2.10	89	5,00	3,00	4,326	0,492
	X2.11	89	5,00	3,00	4,281	0,561
	X2.12	89	5,00	2,00	4,270	0,683
	X2.13	89	5,00	3,00	4,213	0,661
<b>Quality of Financial Reports (Y)</b>	Y.1	89	5,00	3,00	4,337	0,734
	Y.2	89	5,00	3,00	4,348	0,672
	Y.3	89	5,00	3,00	4,169	0,674
	Y.4	89	5,00	3,00	4,101	0,671
	Y.5	89	5,00	3,00	4,247	0,623
	Y.6	89	5,00	2,00	4,202	0,810
	Y.7	89	5,00	3,00	4,315	0,728
	Y.8	89	5,00	3,00	4,247	0,708
	Y.9	89	5,00	3,00	4,270	0,699
	Y.10	89	5,00	2,00	4,247	0,675
	Y.11	89	5,00	2,00	4,247	0,692
	Y.12	89	5,00	2,00	4,247	0,692

Source: Data processed by researchers, 2025

In distribution, the majority of respondents agreed to strongly agree with all statement items. The HR competency variable has an overall average of 4.229, with the highest item at X1.11 (mean 4.371) and the lowest at X1.7 and X1.13 (mean 4.135). The IT utilization variable recorded an average of 4.265, with the highest item X2.3 (mean 4.337) and the lowest X2.5 (mean 4.112). Meanwhile, the quality of financial reports has an average of 4.248, with the highest value in Y.2 (mean 4.348) and the lowest in Y.4 (mean 4.101). This finding reflects the respondents' positive perception of the importance of the three variables in supporting the quality of financial statements.

**Classical Assumption Test: Normality Test, Multicollinearity Test, and Heterskedasticity Test**

**Table 3.** Normality Test Results

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual	
N		89	
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	4.31255481	
Most Extreme Differences	Absolute	.068	
	Positive	.042	
	Negative	-.068	
Test Statistic		.068	
Asymp. Sig. (2-tailed) <sup>c</sup>		.200 <sup>d</sup>	
Monte Carlo Sig. (2-tailed) <sup>e</sup>	Sig.	.381	
	99% Confidence Interval	Lower Bound	.369
		Upper Bound	.394

Based on the One-Sample Kolmogorov-Smirnov test on 89 residual data, the mean value is 0 and the standard deviation is 4.31. The significance value (Asymp. Sig.) is 0.200 and Monte Carlo Sig. 0.381, both of which are greater than 0.05. This indicates that the residual data is normally distributed, so further statistical analysis can be done validly.

**Table 4.** Multicollinearity Test Results

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Kompetensi_SDM	.827	1.209
	Pemanfaatan_TI	.827	1.209

Based on the 4 above, it can be seen that the tolerance value of the human resource competency variable and the utilization of information technology is 0.827 greater than 0.100 or close to 1 and the VIF value of the two variables is lower than 10, namely 1.209 so that it means that in the regression equation there is no correlation between independent variables or free of multicollinearity, so that all independent variables can be used in research.

**Table 5.** Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.398	3.063		1.109	.270
	Kompetensi_SDM	.084	.047	.209	1.806	.074
	Pemanfaatan_TI	-.086	.055	-.182	-1.568	.121

Based on table 5 above, it is known that the significance value of the independent variable X1 (Human Resources Competence) is 0.074 and X2 (Information Technology Utilization) is 0.121 so that it is greater than 0.05, so it can be stated that the regression model does not occur heteroscedasticity.

### ***Testing the Measurement Model (Outer Model)***

Measurement model analysis in PLS-SEM aims to evaluate the relationship between latent constructs and their measuring indicators through three main tests: convergent validity, discriminant validity, and composite reliability. First, Convergent Validity Test: Indicators are considered valid if the loading factor > 0.70 and AVE > 0.50. The results showed that all indicators on the constructs of HR competence, IT utilization, and financial report quality met these criteria.

**Table 6.** Loading Factor and AVE values

Construct	Indicator	Outer Loading	AVE	Conclusion
Human Resource Competence (X1)	X1.1	0,773	0,593	Valid
	X1.2	0,812		Valid
	X1.3	0,748		Valid
	X1.4	0,764		Valid
	X1.5	0,768		Valid
	X1.6	0,756		Valid
	X1.7	0,745		Valid
	X1.8	0,772		Valid
	X1.9	0,805		Valid

	X1.10	0,707		Valid
	X1.11	0,845		Valid
	X1.12	0,776		Valid
	X1.13	0,726		Valid
<b>Information Technology Utilization (X2)</b>	X2.1	0,717	0,578	Valid
	X2.2	0,717		Valid
	X2.3	0,758		Valid
	X2.4	0,745		Valid
	X2.5	0,740		Valid
	X2.6	0,806		Valid
	X2.7	0,813		Valid
	X2.8	0,754		Valid
	X2.9	0,762		Valid
	X2.10	0,760		Valid
	X2.11	0,766		Valid
	X2.12	0,794		Valid
	X2.13	0,740		Valid
<b>Quality of Financial Reports (Y)</b>	Y.1	0,738	0,599	Valid
	Y.2	0,804		Valid
	Y.3	0,722		Valid
	Y.4	0,743		Valid
	Y.5	0,722		Valid
	Y.6	0,750		Valid
	Y.7	0,797		Valid
	Y.8	0,851		Valid
	Y.9	0,831		Valid
	Y.10	0,793		Valid
	Y.11	0,760		Valid
	Y.12	0,760		Valid

Source: Data processed by researchers, 2025

Second, Discriminant Validity Test: Discriminant validity is fulfilled if the loading factor of an indicator is higher on the original construct than other constructs. The results of the Fornell-Larcker, cross loading, and HTMT tests (values <0.90) indicate that each construct is conceptually distinct and does not overlap.

**Table 7.** Fornell-Larcker Criterion Test Results

	HR competence (X1)	IT Utilization (X2)	FR Quality (Y)
<b>HR competence (X1)</b>	0,770		
<b>IT Utilization (X2)</b>	0,431	0,760	
<b>FR Quality (Y)</b>	0,716	0,555	0,774

Source: Data processed by researchers, 2025

**Table 8.** Cross Loading Value

	HR competence (X1)	IT Utilization (X2)	FR Quality (Y)	Description
<b>X1.1</b>	0,773	0,416	0,610	Valid
<b>X1.2</b>	0,812	0,406	0,594	Valid
<b>X1.3</b>	0,748	0,372	0,525	Valid
<b>X1.4</b>	0,764	0,279	0,534	Valid
<b>X1.5</b>	0,768	0,210	0,413	Valid
<b>X1.6</b>	0,756	0,260	0,463	Valid
<b>X1.7</b>	0,745	0,305	0,526	Valid
<b>X1.8</b>	0,772	0,271	0,525	Valid
<b>X1.9</b>	0,805	0,283	0,550	Valid

X1.10	0,707	0,192	0,437	Valid
X1.11	0,845	0,361	0,702	Valid
X1.12	0,776	0,518	0,649	Valid
X1.13	0,726	0,326	0,518	Valid
X2.1	0,340	0,717	0,384	Valid
X2.2	0,340	0,717	0,384	Valid
X2.3	0,416	0,758	0,429	Valid
X2.4	0,335	0,745	0,379	Valid
X2.5	0,453	0,740	0,417	Valid
X2.6	0,417	0,806	0,526	Valid
X2.7	0,440	0,813	0,565	Valid
X2.8	0,134	0,754	0,345	Valid
X2.9	0,147	0,762	0,360	Valid
X2.10	0,194	0,760	0,328	Valid
X2.11	0,335	0,766	0,422	Valid
X2.12	0,353	0,794	0,440	Valid
X2.13	0,214	0,740	0,396	Valid
Y.1	0,557	0,334	0,738	Valid
Y.2	0,630	0,349	0,804	Valid
Y.3	0,363	0,424	0,722	Valid
Y.4	0,394	0,392	0,743	Valid
Y.5	0,534	0,449	0,722	Valid
Y.6	0,539	0,336	0,750	Valid
Y.7	0,557	0,357	0,797	Valid
Y.8	0,600	0,465	0,851	Valid
Y.9	0,655	0,452	0,831	Valid
Y.10	0,564	0,566	0,793	Valid
Y.11	0,581	0,497	0,760	Valid
Y.12	0,581	0,497	0,760	Valid

Source: Data processed by researchers, 2025

**Table 9.** HTMT Criteria Measurement Results

	X1	X2	Y
X1			
X2	0,431		
Y	0,738	0,575	

Source: Data processed by researchers, 2025

Third, the Composite Reliability Test: All constructs have a composite reliability value  $> 0.70$ , which means that the indicators are consistent and reliable in measuring their respective latent constructs.

**Table 10.** Composite Reliability

Construct	Chronbach's Alpha	Composite Reliability rho-c	Conclusion
HR competence (X1)	0,943	0,950	Reliable
IT utilization (X2)	0,939	0,947	Reliable
FR Quality (Y)	0,939	0,947	Reliable

Source: Data processed by researchers, 2025

The conclusion is that the measurement model in this study is valid and reliable, so it can be used for further analysis.

**Structural Model Testing (Inner Model)**

After the measurement model (outer model) shows adequate results or is said to be valid, the next stage in PLS-SEM evaluation is to analyze the structural model (inner model). In evaluating the structural model, it is necessary to perform several analyses, namely verifying the absence of multicollinearity, evaluating the R-square (R<sup>2</sup>) value, evaluating the F-square (F<sup>2</sup>) value, and evaluating Predictive Relevance.

Testing multicollinearity is an important stage before hypothesis testing. The existence of multicollinearity is detected with the Variance Inflating Factor (VIF) with a value category > 5 declared serious multicollinearity (needs action), a value of 3-5 declared moderate multicollinearity (still tolerable) and a value < 3 declared ideal.

**Collinearity Statistics**

	VIF	Description
X1 → Y	1,228	Ideal/Valid
X2 → Y	1,228	Ideal/Valid

Source: Data processed by researchers, 2025

It can be seen from the table above, the VIF value is below 3 so that it can confirm that this research is unbiased and provides confidence in parameter estimation in SEM-PLS.

**Testing the Coefficient of Determination (R<sup>2</sup>)**

The range of the coefficient of determination (R<sup>2</sup>) value is from 0 to 1, the higher the value, the model can explain the data variation well. With interpretation criteria (R<sup>2</sup>) <0.25 inadequate, 0.25-0.5 weak (weak), 0.5-0.75 moderate (moderate), 0.75-1 strong (substantial).

**Table 12.** Coefficient of Determination (R<sup>2</sup>)

Influence	R <sup>2</sup>	R <sup>2</sup> Adjusted
X <sub>1</sub> , X <sub>2</sub> → Y	0,587	0,578

Source: Data processed by researchers, 2025

The model of the effect of human resource competencies and utilization of information technology on the quality of financial reports obtained the results of the R<sup>2</sup> value of 0.587 which means that 58.7% of variations in the quality of financial reports (Y) can be explained by the variables of human resource competencies (X<sub>1</sub>) and utilization of information technology (X<sub>2</sub>). Meanwhile, the remaining 41.3% is explained by other variables outside this study (not yet in the model). The R<sup>2</sup> value of 0.587 based on the assessment criteria is included in the moderate category, which means that the model or relationship between these variables is moderate.

The test results show that the variables of human resource competence and information technology utilization which are exogenous variables jointly affect the dependent variable (endogenous). This test also concludes that the hypothesis is accepted (H<sub>3</sub> is accepted), namely the competence of human resources and the utilization of information technology simultaneously have a positive effect on the quality of financial statements.

**F-Square (F<sup>2</sup>) Testing**

F-square testing serves as an analytical tool to quantify the magnitude of the influence of a latent construct on changes in the R-square value when the construct is removed from the research model. Based on the prevailing standards in research, the interpretation of the f-square value follows a rule of thumb: a value of 0.02 represents a small influence, 0.15 indicates a moderate

influence, while 0.35 indicates a large influence. If the calculation results in a value below the 0.02 threshold, this implies that the tested construct does not make a meaningful contribution in explaining the dependent variable. This analysis is important in determining key constructs that are truly substantive in a research model. The following presents the results of the calculation of the F-square value for each research variable:

**Table 13.** F-Square Testing (F2)

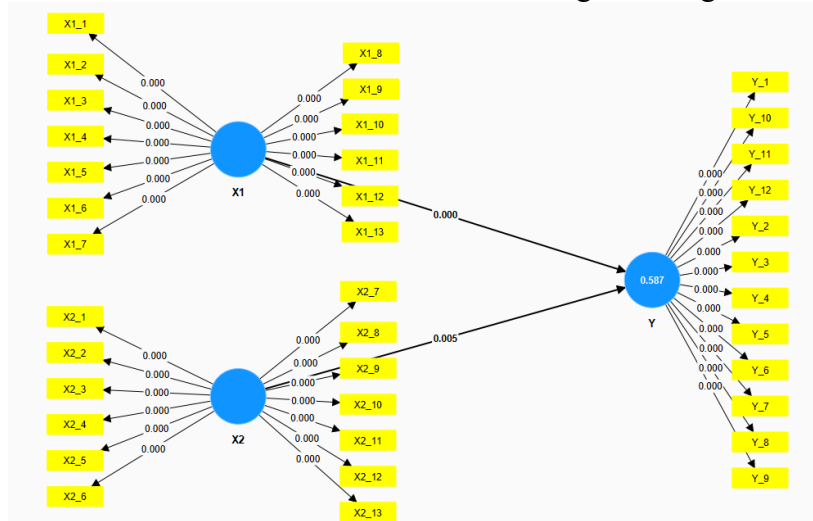
	F <sup>2</sup>	Description
HR competence (X <sub>1</sub> ) → FR quality (Y)	0,676	Strong influence
IT Utilization (X <sub>2</sub> ) → FR Quality (Y)	0,181	Moderate influence

Source: Data processed by researchers, 2025

Based on the results of research data processing, the value of f2 in X<sub>1</sub> → Y of 0.676 indicates that the direct effect of human resource competence on the quality of financial reports is high. Meanwhile, the f2 value X<sub>2</sub> → Y of 0.181 indicates that the effect of information technology utilization on the quality of financial reports is moderate.

### Hypothesis Testing of Direct Influence

The test is continued by assessing the significance of the relationship between constructs that have been hypothesized, and analyzing the influence between variants through path coefficients using the bootstrapping method. The results can be seen in the bootstrapping output which presents the t-statistic value which serves to assess the strength and significance of the effect.



**Figure 1.** Results of Structural Model Testing Bootstrapping Method

Direct effect analysis aims to measure the extent to which a variable directly affects other variables in the study. If the path coefficient is positive, it means that there is a parallel relationship when the independent variable increases, the dependent variable also tends to increase. Conversely, if the path coefficient is negative, this indicates a reversed relationship, namely that the increase in the independent variable actually reduces the dependent variable. To assess the significance of the relationship, the p-value is used. An effect is declared

statistically significant if the p-value is less than 0.05, which means there is strong evidence that the relationship between variables does not occur by chance.

In addition to testing the significance of the relationship between variables, this study also needs to include a 95% confidence interval for the estimated path coefficient to provide an overview of the accuracy of the resulting influence. To determine the strength of the direct influence between variables in the structural model, the effect size measured through the F-square is used. The criteria for the F-square value are divided into three categories: above 0.02 indicates a small/low effect, above 0.15 reflects a medium effect and above 0.35 indicates a large/high effect. Thus, this analysis not only confirms the presence or absence of influence, but also quantitatively assesses how strong the relationship is.

**Table 14.** Hypothesis Testing Results Of Direct Effect

Hypothesis	Original Sample (O)	T-Statistics ( O /STDEV)	P-Value	95% Confidence Interval		F-Square	Description
				Path Coefficient			
				Lower Limit	Upper Limit		
H1. HR competence → FR quality	0,585	5,692	0,000	0,373	0,771	0,676	Hypothesis Accepted
H2. IT utilization → FR quality	0,303	2,831	0,005	0,096	0,505	0,181	Hypothesis Accepted

Source: Data processed by researchers, 2025

Based on the test results data in the table above, there are 2 hypotheses, where all hypotheses are accepted. The following explanation of the direct effect hypothesis testing data is as follows:

1. The results of testing the hypothesis of the direct effect between human resource competencies on the quality of financial reports at the Regional Office XI of the Manado State Civil Service Agency

H1. Human resource competence (X1) on the quality of financial reports (Y) shows a path coefficient value of 0.585 which can be seen in the original sample value with a positive value, meaning that the relationship between the two variables is unidirectional. The p-value of 0.000 indicates that the effect of human resource competence has a significant effect on the quality of financial reports. In addition, the f-square is 0.676 which indicates that the direct effect is high. The obtained t-statistics number (5.692) exceeds the t-table limit value. The conclusion of testing this hypothesis is that the hypothesis is accepted (H1 is accepted) that human resource competence has a positive effect on the quality of financial statements and is significant.

2. The results of testing the hypothesis of the direct effect between the utilization of information technology on the quality of financial reports at the Regional Office XI of the Manado State Civil Service Agency.

H2. The utilization of information technology (X2) on the quality of financial reports (Y) shows that the relationship between the two variables is unidirectional with a positive path coefficient of 0.303. The p-value of 0.005 indicates that the effect of information technology utilization has a significant effect on the quality of financial reports. In addition, the f-square is 0.181 which reflects that the direct effect is moderate. The obtained t-statistics number (2.831) exceeds the t-table limit value. The conclusion of testing this hypothesis is that the hypothesis is accepted (H2 is accepted) the utilization of information technology has a positive effect on the quality of financial statements and is significant.

## DISCUSSION

### *The Effect of Human Resource Competence on the Quality of Financial Reports*

Based on the results of hypothesis testing, this study concludes that the competence of human resources (HR) has a positive and significant effect on the quality of financial reports at the Regional Office XI of the Manado State Civil Service Agency. The preparation of accountable and transparent government financial reports requires human resources not only with technical accounting qualifications, but also a thorough understanding of state financial management. HR competence is the main foundation in determining the quality of financial reports of government agencies.

To produce reliable financial reports, government agencies need to build human resource capacity with several important criteria. First, formal education in accounting is an absolute requirement because it provides a theoretical and technical foundation in financial recording and reporting. Second, an understanding of state financial management and reporting regulations, such as the State Finance Law, Government Regulations, and Government Accounting Standards (SAP) is mandatory. Third, commitment to periodic training is important to maintain competency relevance due to the dynamic development of the accounting and regulatory world. Finally, practical experience in government financial management is a significant plus, as it helps HR apply theory in real situations and face operational challenges. This research is in line with the findings of Fakhri, Indrawati, & Sembiring (2021) which show a positive effect of HR competence on the quality of SKPD financial reports in the West Bandung Regency Government [11]. In contrast, different results were found by Sulfiana (2018) which stated that HR competencies did not have a significant effect on the quality of financial reports of PT Bumi Sarana Beton [12]. This difference can be understood because the characteristics of the public and private sectors are different, where the government sector has bureaucracy, regulations, SAP, and a strict internal control system, while private companies are more influenced by information technology systems and management policies.

The results of this study also support Sugeng's theory (2002) in Tamba (2019) which states that the quality of human resources is a combination of knowledge, technical expertise, and competencies that provide professional and economic added value [13]. The implications of these findings indicate that HR management must be a top priority in organizations, especially to prepare a competent workforce in the field of accounting and financial reporting. In the BKN Regional Office XI, this is implemented through employee placement according to competence and capacity building programs such as education, socialization, technical guidance, and workshops.

### *Utilization of Information Technology on the Quality of Financial Reports*

Hypothesis testing in this study shows that the use of information technology has a positive and significant effect on the quality of financial reports at the Regional Office XI of the Manado State Civil Service Agency. The government needs to maximize digital technology to build integrated information systems that unite government work processes, facilitate coordination, and increase time and cost efficiency, as stated by Bagaskoro (2019) [8].

In accounting, the use of technological devices such as accounting hardware and software in an integrated system helps meet accounting standards, ensure consistency, and improve the accuracy of financial statements. This finding is in line with research by Kusnadi (2020) in the SKPD of Kuantan Singingi Regency and Latifah (2023) in Wiradesa District, which also found a significant effect of information technology on financial performance and accountability [14][15].

Theoretically, Turban, McLean, and Wetherbe (2004) explain that information technology is an integrated system consisting of hardware, software, communication networks, and human resources that function to acquire, store, process, and distribute information. This technology plays a role in converting raw data into quality information that meets the standards of accuracy, relevance, and timeliness, thus supporting better management of financial reports [16].

### ***The Effect of Human Resource Competence and Information Technology Utilization on the Quality of Financial Reports***

The results of the research model analysis show the coefficient of determination ( $R^2$ ) value of 0.587, which means that 58.7% of variations in the quality of financial reports are influenced by human resource competence and utilization of information technology, while the remaining 41.3% are influenced by other factors outside the model. This value is in the moderate category, indicating that the relationship between the two variables on the quality of financial statements is at a medium level.

Hypothesis testing proves that HR competence and IT utilization simultaneously have a significant effect on the quality of financial statements. These findings strengthen the Resource Based View (RBV) theory, which emphasizes the importance of an organization's internal resources in creating strategic advantage (Sugiono, 2018) [17]. In the context of the public sector, success is measured through the ability to produce transparent, accountable, and timely financial reports.

The application of RBV in public administration provides a conceptual basis for understanding how HR competencies and optimization of information technology are key factors in realizing good governance. At the core of this approach is the recognition that unique and hard-to-imitate internal resources - in the form of competent human resources and reliable technological infrastructure - are the main foundation for the creation of a quality and sustainable financial reporting system.

## **D. CONCLUSION**

This study discusses the effect of human resource competencies and the use of information technology on the quality of financial reports of the Regional Office XI of the Manado State Civil Service Agency with the results of research that can be concluded as follows:

1. Human resource competence has a positive and significant effect on the quality of financial reports of Regional Office XI of the State Civil Service Agency. This shows that competent human resources in this context are the main foundation that determines the final quality of financial reports produced by government agencies. Regional Office XI BKN improves employee competence through the ASN Professionalism Index and placement according to expertise, including assigning competent employees as budget managers and financial report compilers.
2. Utilization of information technology has a positive and significant effect on the quality of financial reports of Regional Office XI of the State Civil Service Agency. This indicates that the integration or utilization of accounting technology systems (hardware and software) facilitates the preparation of standardized financial reports, while ensuring the consistency and accuracy of government financial data. It also shows that the XI Regional Office has been equipped with hardware with adequate specifications that support all Ministry of Finance application systems and systems built by the XI Regional Office of the Civil Service Agency for employee performance, budget management, and preparation of financial reports.

3. HR competence and IT utilization together (simultaneously) proved to have a significant effect on the quality of financial reports. With a coefficient of determination ( $R^2$ ) of 0.587, this indicates that 58.7% of the variability in the quality of financial statements can be explained by the two predictor variables.

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