JIMEA | Jurnal Ilmiah MEA (Manajemen, Ekonomi, dan Akuntansi)
Vol. 8 No. 1, 2024

ENHANCING FINANCIAL STATEMENT QUALITY : THE MODERATING EFFECT OF HUMAN RESOURCE COMPETENCY IN IMPLEMENTING FINANCIAL ACCOUNTING STANDARDS

Naila Rizki Salisa[1]; Izza Ashsifa[2]; Muhammad Teguh Kuncoro[3]; Indah Dwi Prasetyaningrum[4]
Universitas Muria Kudus[1,2,3,4]
Email : naila.rizki@umk.ac.id[1]; izza.ashsifa@umk.ac.id[2]; muhammad.teguh@umk.ac.id[3]; indah.dwi@umk.ac.id[4]

ABSTRACT

Financial statements serve as crucial information for decision-making. Despite implementing Financial Accounting Standards (SAK) EMKM and ETAP by the Institute of Indonesian Chartered Accountants (IAI), many Micro, Small, and Medium Enterprises (MSMEs) still fail to align their financial statements with these standards. Consequently, the financial statements generated lack the necessary information and consistency, posing difficulties in making meaningful comparisons. The objective of this research is to investigate the impact of financial accounting standards implementation on the quality of financial statements, considering the moderating variable of human resource competency Data collection involved questionnaires targeting all MSMEs registered with the Manpower, Industry, Cooperatives, Small and Medium Enterprises Office in Kudus Regency (totaling 17,284 MSMEs). The research adopted a convenience sample method to collect data, and data analysis was conducted using structural equation modeling (SEM) with path analysis conducted through SMART PLS 4.0. The findings indicated a positive impact of financial accounting standards implementation on the quality of financial statements. However, human resource competency was found unable to moderate this impact. This research contributes valuable insights to MSMEs, affirming that adherence to financial accounting standards, particularly SAK EMKM and ETAP, can enhance the quality of their financial statements.

Keywords : Financial Accounting Standard Implementations; Human Resource Competency; Quality of Financial Statements, MSMEs

ABSTRAK

Laporan keuangan memiliki peran krusial sebagai sumber informasi strategis dalam pengambilan keputusan. Walaupun Standar Akuntansi Keuangan (SAK) EMKM dan ETAP telah diberlakukan oleh Ikatan Akuntan Indonesia, laporan keuangan dari sebagian besar Usaha Mikro, Kecil, dan Menengah (UMKM) belum disusun sesuai dengan standar akuntansi keuangan yang berlaku. Akibatnya, laporan keuangan yang dihasilkan tidak memenuhi persyaratan standar dan cenderung tidak seragam, sehingga sulit untuk dibandingkan dan dievaluasi secara konsisten. Penelitian ini menguji dan menganalisis pengaruh penerapan Standar Akuntansi Keuangan (SAK) EMKM/ETAP terhadap kualitas laporan keuangan UMKM, dengan mempertimbangkan peran moderasi dari kompetensi SDM. Data dikumpulkan melalui metode kuesioner, dengan populasi penelitian melibatkan seluruh UMKM yang terdaftar pada Disnakerperinkop-UKM di Kabupaten Kudus, dengan total sekitar 17.284 UMKM. Sampel dipilih dengan menggunakan teknik convenience sampling. Analisis data *dilakukan dengan menerapkan metode Structural Equation Modelling (SEM) menggunakan pendekatan path analysis melalui perangkat lunak SMART PLS 4.0. Temuan dari penelitian ini mengindikasikan bahwa penerapan standar akuntansi keuangan berpengaruh positif terhadap kualitas laporan keuangan UMKM. Namun, kompetensi SDM tidak mampu memoderasi pengaruh positif tersebut, sehingga tidak memberikan pengaruh signifikan dalam peningkatan kualitas laporan keuangan UMKM. Kontribusi penelitian ini bagi UMKM terletak pada penegasan bahwa menerapkan standar akuntansi keuangan, terutama SAK EMKM dan ETAP, dapat dianggap sebagai langkah kritis untuk meningkatkan kualitas laporan keuangan UMKM. Meskipun demikian, diperlukan perhatian lebih lanjut terkait peningkatan kompetensi SDM dalam menerapkan standar akuntansi keuangan untuk meningkatkan kualitas laporan keuangan UMKM.*

Kata Kunci : Penerapan Standar Akuntansi Keuangan; Kompetensi SDM; Kualitas Laporan Keuangan; UMKM

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are pivotal in the Indonesian economy. According to the Ministry of Cooperatives and SMEs of the Republic of Indonesia (2022), MSMEs account for 60.5% of the Gross Domestic Product (GDP), contributing 6.20%. Notably, this significant contribution is accompanied by a rapid increase in MSMEs. Data from the Manpower, Industry, Cooperatives, and SMEs Office of Kudus Regency (2022) reveals a 5.16% growth, resulting in 17,284 MSMEs. The expansion of MSMEs substantially impacts job creation, effectively reducing unemployment rates and fostering economic growth in Indonesia (Koentjoro & Gunawan, 2020; Lestari et al., 2020; Styaningrum et al., 2020).

The potential for rapid growth in MSMEs emphasizes their crucial role in economic development. Securing funds from banks becomes essential to foster business growth. This situation underscores the mutual dependence between MSMEs and banks. In simple terms, banks need MSMEs as a platform for lending, and MSMEs, in return, rely on bank credit to support their business expansion (Narsa et al., 2021). Banks typically demand business financial statements as part of the credit application process.

Nevertheless, a notable observation is that numerous MSMEs fail to maintain proper financial records aligned with established accounting standards. Consequently, financial statement acknowledgment, measurement, and presentation often fall short of optimization (Purba & Natalia, 2023). Empirical evidence from the Tax Service Office (KPP) Pratama Kudus reveals that MSMEs in Kudus Regency have demonstrated limited efforts in preparing financial statements. Furthermore, bookkeeping for financial statements remains rudimentary (Hadi, 2021). Consequently, this poses challenges in accessing bank loans or Kredit Usaha Rakyat (KUR), primarily due to inadequate preparation of financial statements in alignment with the prescribed accounting standards (Oktaviranti & Alamsyah, 2023).

Financial statements play a crucial role in providing pertinent financial information to stakeholders about the financial health of a business. High-quality financial statements adhere to the relevant accounting standards. To address the reporting needs of MSMEs, the government, represented by the Financial Accounting Standards Board – Institute of Indonesia Chartered Accountants (IAI), introduced the Indonesian Accounting Standards for Non-Publicly-Accountable Entities (SAK-ETAP) effective from January 1, 2011. SAK-ETAP serves as a guideline for MSMEs and for preparing cooperative financial statements. Despite its availability, due to ineffective implementation and limited socialization efforts by the government, many MSMEs fail to present financial statements by these standards. Recognizing this gap, in 2016, IAI introduced a new financial standard, namely the Financial Accounting Standard for Micro, Small, and Medium Entities (SAK-EMKM), effective from January 1, 2018. SAK-EMKM is designed to be simpler than SAK-ETAP. However, concerns arise about its potential fate mirroring that of SAK-ETAP, as low levels of socialization from policymakers may hinder widespread adoption, resulting in suboptimal financial statement quality (Prissilia & Himawan, 2023).

The low quality of financial statements directly results from MSMEs' limited adherence to financial accounting standards (Oktaviranti & Alamsyah, 2023). This deficiency leads to a mismatch in the recognition and measurement of accounts within financial statements, resulting in non-uniform presentations. Consequently, these statements become challenging to compare among themselves or across different reporting periods. Compounding this issue is the insufficient competency and knowledge among MSME actors, who often find standards such as SAK EMKM and ETAP complex and challenging to comprehend. Recognizing the pivotal role of human resources in this context, it becomes evident that a competent workforce well-versed in financial accounting standards is crucial (Rochmah et al., 2021). Such competency is instrumental in ensuring that MSME financial statements align with the stipulated accounting standards, ultimately contributing to producing high-quality reports.

Expanding on these identified phenomena and challenges, this research seeks to investigate the impact of financial accounting standards implementation on the quality of financial statements, considering human resource competency as a moderating factor. The research will specifically focus on MSMEs in the Kudus Regency. The novelty of this study lies in emphasizing Human Resource (HR) competency as a moderating variable. Human resource competency is pivotal in facilitating the effective implementation of financial accounting standards. MSMEs with superior human resource competency are likely to produce financial statements of higher quality (Nintyari et al., 2019). This research aims to significantly contribute to the existing literature by addressing the research gap concerning SAK EMKM and ETAP. Additionally, it aspires to offer valuable insights for policymakers, particularly the Institute of Indonesia Chartered Accountants (IAI), regarding the effective application of SAK EMKM and ETAP for Micro, Small, and Medium Enterprises (MSMEs). The findings from this study are expected to provide guidance and recommendations that can enhance the understanding and implementation of accounting standards, ultimately benefiting the MSME sector and informing policy decisions.

REVIEW LITERATURE AND HYPOTHESIS DEVELOPMENT

Behavioral Accounting Theory

Behavioral accounting theory is a branch of accounting that explores the influence of human behavior on accounting practices. It seeks to comprehend how human behavior impacts the quality of accounting information and, conversely, how accounting information influences human behavior. This theory examines a range of factors, such as the behavior of human information processing, the quality of judgments, accounting issues stemming from those who use and provide accounting information, and the decision-making abilities of both users and producers of accounting information. The development of behavioral accounting theory is driven by the desire to gain a deeper understanding of how business processes, opinions, attitudes, values, and behaviors contribute to the overall value of a corporation, both in the present and future. The theory endeavors to quantify and document these aspects of a business (Kutluk & Kutluk, 2017).

Behavioral accounting theory offers valuable insights into how individuals or groups within an organization respond to and adapt to evolving accounting standards. It

Submitted : 19/11/2023 |Accepted : 16/12/2023 |Published : 22/02/2024
P-ISSN; 2541-5255 E-ISSN: 2621-5306 | Page 1216

delves into how managerial behavior or individual perceptions can influence the interpretation and implementation of new standards. This theory allows exploration of various aspects, including the resistance to change, the impact of individual or group motivation on the application of standards, and how psychological factors may affect the quality of the resulting financial statements. In the context of MSMEs, behavioral accounting theory can be particularly helpful in understanding how these entities can adjust their accounting practices to comply with accounting standards that may necessitate changes. By examining how individuals or groups within MSMEs react to and implement new standards, the theory aids in identifying potential challenges, areas of resistance, and factors influencing the successful adoption of accounting standards.

Hypothesis Development

Financial Accounting Standards Implementation and Quality of Financial Statements

The basis for making financial statements is formed by financial accounting standards, ensuring that they are consistently presented. These standards also assist financial statement users in comprehending and comparing the financial information of different companies, ultimately aiding auditors in their evaluations (Dumisani, 2019). Implementing financial accounting standards when showcasing financial statements ensures that there are consistent features, allowing for easy and meaningful comparisons. Incorporating accounting standards when displaying financial statements enhances comparability significantly and elevates the quality and reliability of the presented financial information. This, in turn, can positively influence a reduced capital cost for MSMEs (Huang & Yan, 2020).

Revealing accounting information that explains financial performance in financial reports is part of implementing an accounting standard. Additionally, implementing financial accounting standards aims to ensure the production of high-quality financial reports (Pangaribuan et al., 2022). Implementing accounting standards establishes a consistent and standardized framework for preparing financial statements. This framework diminishes subjectivity and enhances objectivity in reporting, aligning with aspects of rationality as emphasized in behavioral accounting theory. Behavioral accounting theory underscores the impact of psychological and behavioral factors on decision-making in accounting. By adhering to accounting standards, the implementation process aims to reduce uncertainty and ambiguity encountered by individuals in MSMEs. The presence of clear standards offers MSME owners or managers a structured guide, increasing the likelihood of adopting appropriate accounting practices. This, in turn, minimizes the potential for errors or bias in the preparation of financial statements, contributing to more accurate and reliable reporting (Pangaribuan et al., 2023; Tandiayu & Triani, 2023).

H_1: Financial accounting standards implementation has a positive effect on the quality of financial statements

Financial Accounting Standards Implementation, Human Resource Competency and Quality of Financial Statements

Competency is the capability to perform tasks or work grounded in knowledge skills and complemented by characteristic attitudes (Wibowo, 2022). Human resources play a crucial role in organizations, contributing to the planning, execution, and oversight of diverse tasks. The quality of financial statements is inherently linked to the capabilities and competencies of these human resources. In essence, well-qualified and skilled individuals are indispensable for ensuring the accuracy and reliability of financial reports within an organization (Putri & Akbar, 2022; Rifany & Yuliati, 2021). MSME owners or managers possessing accounting knowledge are more likely to generate high-quality financial statements. The competency of human resources significantly influences the quality of financial statements. With competent individuals, financial statements that are timely, relevant, and comparable can be produced (Andini, 2016; Pujanira & Taman, 2017).

Behavioral accounting theory underscores the significance of individual understanding in shaping accounting decisions. In this context, human resource competence encompasses a heightened understanding of accounting standards and related principles. This depth of comprehension can cultivate a positive perception of the value of accounting standards, fostering more effective implementation. In accounting, human resource competence translates to an enhanced understanding of financial accounting standards. Proficient and well-trained human resources are better equipped to adopt standards accurately, mitigating the risk of misinterpretation and promoting consistency in financial reporting. This aligns with the principles of behavioral accounting theory, which emphasizes knowledge and understanding.

Competent human resources assume a sense of responsibility for preparing financial statements in compliance with standards, creating an environment conducive to producing high-quality financial statements (Saputra et al., 2021; Thenikusuma & Muis, 2019).

H_2: Human resource competency strengthens the effect of financial accounting standards implementation on the quality of financial statements

RESEARCH METHODS

This research falls under the category of quantitative research utilizing primary data. The primary data were collected through surveys conducted on the research subjects, specifically from questionnaires distributed directly (offline) or via an online system using Google Forms to MSMEs in Kudus Regency. The study population comprises MSMEs registered with the Manpower, Industry, Cooperatives, and SMEs Office in Kudus Regency, with 17,284 registered MSMEs, according to information from Perinkop Disnaker and SMEs. The sampling technique employed in this study is convenience sampling, with sample size determination using the Slovin formula and an error tolerance rate of 5%. Consequently, the sample for this study consists of MSME owners, and the calculated sample size is 391.

$$n = \frac{N}{1 + Ne^2}$$

$$= \frac{17{,}284}{1 + (17{,}284 \text{ x } 0.05^2)}$$

$$= 390.95 \text{ (rounded to 391)}$$

Variable Measurement

Financial Accounting Standards Implementation

Financial accounting standards implementation is defined as practising or implementing financial accounting standards to present financial statements in accordance with applicable standards (Oktaviranti & Alamsyah, 2023). The variables assessing the implementation of financial accounting standards encompass consistency in producing financial statements, adherence to financial accounting standards, the execution of financial accounting standards, and the advantages derived from implementing financial accounting standards (Kusuma & Lutfiany, 2018).

Human Resource Competency

Human resource competency refers to an individual's ability and knowledge to perform activities effectively to fulfil their needs. The assessment of human resource competency encompasses various factors, such as self-development, professionalism, proficiency in technology, educational level, and expertise. Collectively, these dimensions contribute to determining the overall competency of an individual in a given context (Nintyari et al., 2019).

Quality of Financial Statements

Defining the quality of financial statements as a business communication tool that precisely illustrates the progress or setbacks of a company, it functions as a potent decision-making tool (Winarso & Kurniawati, 2022). The assessment of the quality of financial statements for MSMEs involves several key measures, including the meticulous recording of transactional activities, consistent and regular accounting record-keeping, the preparation of financial statements by established standards, and a comprehensive understanding of financial accounting standards. These criteria collectively contribute to determining the overall quality of MSME financial statements (Farina & Opti, 2023).

RESULTS AND DISCUSSION

The study indicators were evaluated using a loading factor threshold of > 0.7, an Average Variance Extracted (AVE) value of > 0.5, and Cronbach's Alpha and Composite Reliability of > 0.7. In the initial validity test, some indicators, specifically FAS_1, FAS_2, FAS_3, FAS_4, HRC_1, HRC_2, HRC_3, HRC_4, HRC_5, HRC_8, QFS_1, QFS_3, QFS_7, QFS_8, exhibited loading factor values below 0.7. Subsequently, these indicators were re-evaluated, resulting in loading factor values that now meet the standard (> 0.7). Table 1 displays the loading factor, AVE, Cronbach Alpha, and Composite Reliability values, all surpassing the established thresholds. Therefore, based on these results, it can be concluded that the research model is valid and reliable.

Inner Model Test Analysis

In the inner model analysis test, the assessment of the research model is conducted based on the adjusted R-Square value, providing insights into the model's ability to explain the variation in research data. Table 2 presents an Adjusted R-Square value of 0.739, indicating that the financial accounting standard implementation variable can account for 73.9% of the financial statement quality variable variation. The remaining 26.1% is attributed to other variables not included in the study.

Hypothesis Test Results

The hypothesis testing in this study employed path analysis with the assistance of Smart PLS 4.0, and the results are presented in Table 3. For the first hypothesis (H_1), which examines the impact of financial accounting standards implementation on the quality of financial statements, the original sample value is 0.245, with a P-value of 0.000. This indicates that H_1 is accepted as the P-value < 0.05, and the original sample is positive as initially hypothesized. Therefore, the application of SAK in MSMEs significantly affects the quality of financial statements. MSME owners acknowledge that implementing SAK EMKM/ETAP in recording/bookkeeping financial statements can enhance the quality of the financial statements. Clear standards provide MSME owners with a well-defined framework, enhancing the probability of embracing suitable accounting practices. This structured guide reduces the likelihood of errors or bias in preparing financial statements, thereby contributing to a more precise and reliable reporting process.

Hypothesis (H_2), which investigates whether the competency of human resources (HR) enhances the influence of financial accounting standard implementation on the quality of financial statements, the test results reveals an original sample value of -0.014 with a P-value of 0.436. Consequently, H_2 is rejected as the P-value exceeds 0.05. It is inferred that human resources competency does not act as a moderator in influencing the effect of financial accounting standards implementation on the quality of financial statements. The findings suggest that human resources competency is not used as a determining factor in the implementation of financial accounting standards when preparing financial statements. Regardless of whether human resources possess competency related to financial accounting standards, it does not affect MSMEs in the financial statement preparation process. If the organization does not adequately focus on improving the quality of financial statements, the level of human resource competency may not be significantly impacted. This can happen if the organization's priorities focus more on other aspects, such as operational efficiency.

CONCLUSION

This research examined the impact of financial accounting standards implementation on the quality of financial statements, considering the moderating role of human resource competency. This research focused on MSMEs in the Kudus

Regency. The findings revealed a positive influence of financial accounting standards on the quality of financial statements. However, it was observed that human resource competency did not effectively mediate the relationship between financial accounting standards implementation and the quality of MSMEs financial statements.

This research contributes valuable insights to MSMEs, emphasizing that adherence to financial accounting standards, specifically SAK EMKM and ETAP introduced by the Institute of Indonesia Chartered Accountants, can enhance the quality of their financial statements. Additionally, the study provides input for the Manpower, Industry, Cooperatives, Small and Medium Enterprises Office in Kudus Regency, suggesting that enforcing financial accounting standards among MSMEs can lead to improved financial statement quality.

Despite these contributions, the study has certain limitations. First, its scope is confined to MSMEs in Kudus Regency, suggesting opportunities for future research to expand to other provinces or encompass a broader spectrum of MSMEs across Indonesia. Second, the research variables were limited to financial accounting standards implementation and human resources competencies, suggesting that future studies could explore additional variables that might influence the quality of financial statements in MSMEs.

REFERENCES

Andini. (2016). Pengaruh Kompetensi Sumber Daya Manusia dan Penerapan Sistem Akuntansi Keuangan Daerah Terhadap Kualitas Laporan Keuangan Daerah Pada Satuan Kerja Perangkat Daerah Kabupaten Empat Lawang Sumatera Selatan. *Jurnal Ekonomi KIAT*, *26*(1), 33–41.

Djoko Wibowo. (2022). Analisis Pengaruh Sistem Pengendalian Intern Pemerintah, Pemanfaatan Teknologi Informasi, dan Kompetensi Sumber Daya Manusia terhadap Kualitas Informasi Laporan Keuangan (Studi Kasus pada Dinas Pemberdayaan Masyarakat dan Desa Kabupaten Tapin). *Kindai*, *18*(1).

Dumisani. (2019). A Quality Financial Report: Concept Paper. *International Journal of Social Sciences & Educational Studies*, *5*(3).

Farina, K., & Opti, S. (2023). Determinan Kualitas Laporan Keuangan Umkm Determinants of the Quality of Financial Statements Msme. *Jurnal Apresiasi Ekonomi*, *11*(1), 32–40.

Hadi, S. (2021). *KPP Pratama Kudus Dorong Pelaku Usaha Buat Laporan Keuangan*.

Huang, Y., & Yan, C. (2020). Global accounting standards, financial statement comparability, and the cost of capital. *International Review of Economics and Finance*, *69*.

Koentjoro, S., & Gunawan, S. (2020). Managing knowledge, dynamic capabilities, innovative performance, and creating sustainable competitive advantage in family companies: A case study of a family company in Indonesia. *Journal of Open*

Innovation: Technology, Market, and Complexity, *6*(3).

Kusuma, I. C., & Lutfiany, V. (2018). persepsi UMKM dalam memahami SAK EMKM. *Jurnal Akunida*, *4*, 1–14.

Kutluk, F. A., & Kutluk, F. A. (2017). Behavioral Accounting and its Interactions. *Accounting and Corporate Reporting - Today and Tomorrow*.

Lestari, S. D., Leon, F. M., Widyastuti, S., Brabo, N. A., & Putra, A. H. P. K. (2020). Antecedents and consequences of innovation and business strategy on performance and competitive advantage of SMEs. *Journal of Asian Finance, Economics and Business*, *7*(6), 365–378.

Narsa, N. P. D. R. H. N., Prananjaya, K. P., & Narsa, I. M. (2021). Studi Deskriptif Awareness dan Persepsi pada Pelaku UMKM dan Koperasi Mengenai SAK EMKM: Sebuah Update. *Wahana Riet Akuntansi*, *9*(2), 163–175.

Nintyari, L. R., Kurniawan, P. S., & Atmaja, T. A. (2019). Pengaruh Kompetensi Sumber Daya Manusia, Sosialisasi, Serta Manajemen Kontrol Terhadap Efektivitas Dan Efisiensi Pelaksanaan Sistem Keuangan Desa (Siskeudes) (Studi Empiris Pada Desa-Desa Penerima Dana Desa Di Kabupaten Tabanan). *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi)*, *10*(2), 147–157.

Oktaviranti, A., & Alamsyah, M. I. (2023). Literasi Keuangan , Persepsi UMKM terhadap Kualitas Laporan Keuangan dengan Penerapan SAK EMKM Sebagai Variabel Mediasi. *Jurnal Penelitian Ekonomi Akuntansi*, *7*.

Pangaribuan, H., Sunarsi, D., Aprih Santoso, Wahyuni, E. S., & Yoewono, H. (2023). Quality Of Financial Statement And The Factors That Influence It. *Jurnal Akuntansi*, *27*(1), 176–196.

Pangaribuan, H., Wahyuni, E. S., Yoewono, H., & Sunarsi, D. (2022). The Provision of High-Quality Financial Information in Increasing Voluntary Disclosure. *International Journal Of Artificial Intelegence Research*, *6*(1).

Prissilia, W., & Himawan, I. S. (2023). *ANALISIS PENERAPAN SAK ETAP DALAM LAPORAN KEUANGAN PADA KOPERASI UNIT DESA KAUM KOLOT ANALYSIS IMPLEMENTATION OF SAK ETAP IN FINANCIAL REPORTS Universitas Muhammadiyah Sukabumi*. *11*, 81–88.

Pujanira, P., & Taman, A. (2017). PENGARUH KOMPETENSI SUMBER DAYA MANUSIA, PENERAPAN STANDAR AKUNTANSI PEMERINTAHAN, DAN PENERAPAN SISTEM AKUNTANSI KEUANGAN DAERAH TERHADAP KUALITAS LAPORAN KEUANGAN PEMERINTAH DAERAH PROVINSI DIY. *Nominal, Barometer Riset Akuntansi Dan Manajemen*, *6*(2).

Purba, M. A., & Natalia, E. Y. (2023). Analisis Penerapan Sak Emkm Dalam Penyusunan Laporan Keuangan Umkm. *Jurnal Sistem Informasi Dan Manajemen*, *11*(1), 122–128.

Putri, A. C. P., & Akbar, F. S. (2022). Pengaruh Akuntabilitas, Transparansi Dan Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Pada Opd Kota Surabaya. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, *6*(2), 14–25.

Rifany, F. F., & Yuliati, A. (2021). Pengaruh Kompetensi Sdm Terhadap Kualitas Laporan Keuangan Koperasi Dengan Teknologi Informasi Sebagai Variabel Moderas. *JIMEA | Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, *5*(2), 332–344.

Rochmah, S., Sularsih, H., & As'adi. (2021). Keuangan Umkm Di Kecamatan Gempol. *Jurnal Ilmu Manajemen Dan Akuntansi Vol.9, No.2, 9*(2), 183–188.

Saputra, D. K., Suherman, A., & Kartini, T. (2021). The Influence of Accounting Information Systems and Human Resources (HR) Competency of Finance on The Quality of Financial Reports. *Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi*, *5*(3), 45–62.

Styaningrum, F., Soetjipto, B. E., & Wulandari, D. (2020). THE DETERMINANTS OF SMEs' SUSTAINABILITY. *Humanities & Social Sciences Reviews*, *8*(4), 422–430.

Tandiayu, L., & Triani, N. V. (2023). The Effect of the Application of Financial Accounting Standards on the Quality of the Company's Financial Statements. *SSRN Electronic Journal*.

Thenikusuma, K., & Muis, N. (2019). The Effect of Implementation Regional Financial Accounting System, Human Resource Competency and Infrastructure Facilities to the Quality of Financial Report. *SSRN Electronic Journal*.

Winarso, B. S., & Kurniawati, I. K. (2022). Pengaruh Kemampuan Penyusunan Laporan Keuangan, Kompetensi UMKM dan Latar belakang pendidikan terhadap Kinerja UMKM. *Journal Competency of Business*, *6*(01), 26–37.

FIGURES AND TABLES

Table 1. Validity and Reliability Test

Variable	Indicator Code	Loading Factor (LF)	Average Variance Extracted (AVE)	Cronbach's Alpha (α)	Composite Reliability (CR)
Financial Accounting Standards Implementation	FAS_5	0.864	0.761	0.843	0.846
	FAS_6	0,883			
	FAS_7	0.870			
Human Resource Competency	HRC_6	0.861	0.805	0.764	0.825
	HRC_7	0.932			
Quality of Finansial Statements	QFS_2	0.779	0.626	0.801	0.803
	QFS_4	0.799			
	QFS_5	0.805			
	QFS_6	0.782			

Table 2. Inner Model Test

	R Square	Adjusted R Square
Quality of Financial Statements	0.741	0.739

Table 3. Model Testing Results with PLS

#	Paths	Original Sample	P-Value	Decision
H_1	Financial Accounting Standards Implementation → Quality of Financial Statements	0.245	0.000	Accepted
H_2	Financial Accounting Standards Implementation * Human Resource Competency → Quality of Financial Statements	-0.014	0.436	Rejected