

THE EFFECT OF INTERNAL CONTROL SYSTEMS, HUMAN RESOURCE COMPETENCIES, AND UTILIZATION OF INFORMATION TECHNOLOGY ON THE QUALITY OF FINANCIAL STATEMENTS IN COOPERATIVES IN JAMBI CITY



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ABSTRACT

This research focused on investigating the effects of the internal control system, human resource competencies, and the use of information technology on the standard of financial reports in cooperatives in Jambi City. The independent variables examined were the internal control system, human resource competencies, and information technology usage, with the dependent variable being the standard of financial statements. The analysis employed included exploratory data analysis, standard assumption assessments, and hypothesis assessment using IBM SPSS version 20. The findings indicated that the internal control system had no significant effect, whereas human resource competencies and the utilization of information technology positively influenced the standard of financial statements.

Keywords: Internal Control Systems; Human Resource Competencies;
Information Technology Utilization; Quality of Financial Statements

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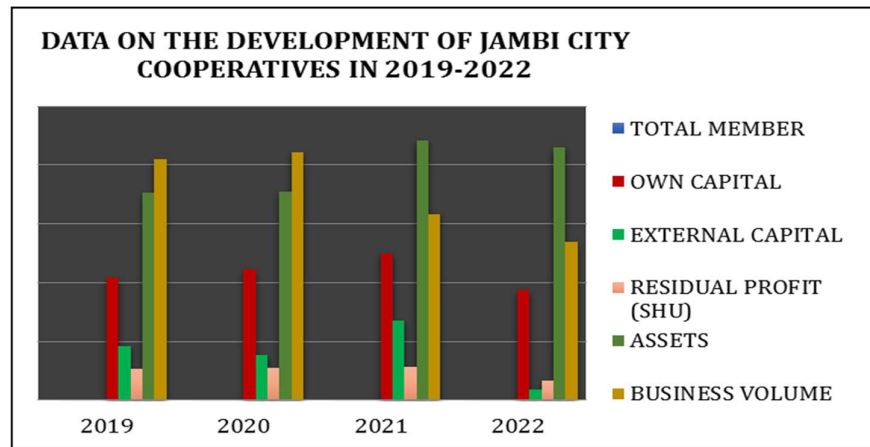
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INTRODUCTION

Issues regarding cooperatives are often related to financial statements (Faisal., et al. 2023). Financial statements can be interpreted as information that contains the monetary records of a organization in an monetary reporting term that can describe the organization's performance (Faisal., et al. 2023). This monetary report has the aim of providing information about the monetary status, organization achievement, and cash movement which is highly beneficial for users of financial statements which will later be based on economic decision making (Faisal., et al, 2023).

Good financial reports will later be used as material for evaluating the performance of the cooperative as well as the accountability report of the cooperative management to the owners/members of the cooperative at the Annual Member Meeting (RAT). To generate excellence monetary reports, the preparation of cooperative monetary reports must refer to the monetary Accounting Standards for Entities Without Public Accountability (SAK ETAP) which aims to create flexibility in its application (Simatupang dan Purba, 2018). However, in reality there are still many cooperative financial reports that are not of high quality due to the planning of monetary reports that are not in conformity with SAK ETAP. This can be seen from the results of previous exploration executed in several cooperatives in Indonesia, which still do not use SAK ETAP as required.

Based on data obtained from the Badan Pusat Statistik (BPS) (2022), the number of active cooperatives in Jambi Province in 2022 was 2051 and the number of inactive cooperatives was 1576, this indicates that there are still many inactive cooperatives in Jambi province due to the fact that there are still many cooperatives that do not conduct RATs so that they cannot evaluate the problems that are happening and cannot find solutions to their problems. Looking at the scope of cooperatives in Jambi City, there is an increase in the number of inactive cooperatives from 2019-2022. In 2019 the number of inactive cooperatives was 163 and in 2020-2022 the number of inactive cooperatives was 239. This may occur due to a lack of human resource competence in cooperatives which causes many cooperatives not to hold Annual Member Meetings (RAT) so that they cannot evaluate the problems that occur, this can impact the standard of financial statements. Founded on data obtained from the Jambi City Manpower, Cooperatives and UKM Jambi City, there is a decrease in data such as the amount of own capital, outside capital, Remaining Business Results (SHU), total assets, and even business volume in cooperatives in Jambi City in 2019-2022. The resulting data shows instability, where the data has increased and sometimes decreased. This can result in or will hown an consequence on the quality of the cooperative's financial statements. The following is the development data.



Source: Data Analyzed, 2023

Figure 1
Jambi City Cooperative Development Data

From the Figure 1, it can be seen that there was a decrease in own capital in 2022 compared to 2021, with a value from IDR 124,587,515,646 to IDR 93,158,101,755. This means that if own capital decreases, it can reflect financial instability and may result in the inability of the cooperative to meet its financial obligations. This can consequence the credibility of financial report and can reduce the tier of trust of members and external parties to the cooperative (Apriliani dan Huda, 2020). Then, when viewed from the remaining results of operations (SHU), it also decreased in 2022 compared to 2021, with a value of Rp. 28,478,934,034 to Rp.16,389,148,974. This means that cooperatives need to make evaluations and improvements in the management of own capital, loans, and reserves by holding an Annual Member Meeting (RAT) to find out the causes of the decline in SHU. But in reality, out of 220 active cooperatives, only 85 cooperatives have conducted RATs. In addition, when viewed from the volume of business, it also decreased in 2022 compared to 2021, with a value of 214,579,924,522 to 134,689,255,971. This means that if the volume of business in a cooperative decreases, it can own an consequence on the financial result and profitability of the cooperative, which also results in a decrease in cooperative income so that it can affect the remaining profit of the cooperative (SHU) (Buchari 2020).

The purpose of this study is to understand the influence of internal control systems, human resource competence, and the use of information technology on the quality of financial reports. The research is expected to contribute to the author's knowledge and understanding, and serve as a reference for cooperatives in Jambi Ciy to place a greater emphasis on internal control systems, human resource competence and the effective use of technology

LITERATURE REVIEW

Stewardship Theory

Stewardship theory based on psychological and sociological theories derived from management accounting thinking, stewards are driven to behave in agreement with to the desires of the primary (Sudaryo., et al, 2017). This concept details a condition where leadership is not driven by person aims, but rather focused at the main result aim for the profit of the institution and assumes a strong connection between contentment and organizational achievement (Sudaryo., et al, 2017).

The knowledge and insight, as well as outcomes of stewardship theory in this research can provide an explanation of the role of cooperatives as institutions that can be reliable to take measures in compliance with the passions of the organization, by expressing out their tasks and purposes appropriately and creating financial accountability so that maximum economic and public service aims can be achieved (Sudaryo., et al, 2017). In addition, cooperatives are also entities that are separate from capital providers and are utilized by members to meet their economic needs.

Agency Theory

Jensen and Meckling (1976) explain Agency Theory as a form of agency connection that emerges because of the contract established between the principal in the occasion of division of possession and command of the corporation. The manager as the manager of the company is responsible to the owner which will then have an impact on company funding, either investors or creditors. Administrators know more internal data and prospect corporation chances than the principal. Therefore, as managers, managers are obliged to always be transparent in carrying out company control under the principal. One form of accountability is by submitting financial reports (Anggreni dan Dewi, 2022)

The implication of agency theory itself is a concept that explains the connection between the proprietor (principal) and manager (agent) in the organization, where there is a conflict of interest between the two parties. In the context of cooperatives, this theory is applied to improve the participation of cooperative members (Anggreni dan Dewi, 2022). In financial management, agency relationships arise between shareholders and management, between shareholders and creditors, and management and creditors (Anggreni dan Dewi, 2022). In cooperatives, members act as principal and the agent is the management of the cooperative consisting of supervisors, administrators, managers/employees (Anggreni dan Dewi, 2022).

METHOD

The kind of inquiry utilized in this inquiry is quantitative. Quantitative approach is a approach in which it purposes plenty of numerals, beginning from the data assortment process to its explanation. Sugiyono (2018) states that this approach is based on positivism (firm information), where inquiry information in the form of numerals is to be controlled employing data point as a test tool for calculations, connected to the issue below research to create a result. In this study using a survey. Survey is a research approach used to accumulate information from a large group of respondents (samples) chosen from a larger community about beliefs, opinions, characteristics, variable connection behavior. The main purpose of the survey is to produce quantitative data that can be analyzed statistically to generalize the findings to a wider population (Sugiyono 2018).

The kind of facts employed in this research is quantitative data, a kind of information in the form of numbers obtained from the computation of each variable dimension attribute. This information is normally gathered with devices in the form of questionnaires or conversation materials. Therefore, it is essential to test its validity and reliability (Chandrarin 2017). In this study, primary data were acquired from the Jambi City Manpower, Cooperatives and UKM Jambi City and secondary data were acquired from the Indonesia Stock Exchange (IDX) which included information on cooperative data in 2022.

Population is an item or topic that has sure quantities and traits identified by investigators to research and subsequently sketch result (Sugiyono 2019). Population is

also defined as a assortment of components that have sure traits that can be used to make result. The population in this research were active cooperatives in Jambi City, totaling 220 cooperatives. The sampling method utilized in this study is Random Sampling. Random sampling is a method where all persons in the population, together or persons are provided the same chance to be chosen as sample members Arikunto (2017). Sampling is based on Arikunto (2017) which states in case the issue is below 100 then the whole population turns into the study sample, in case the theme is more than 100 then 10-15% or 15-25% can be seized. In this study, the sample obtained was 70 cooperatives, where the sampling process was carried out by first grouping 220 active cooperatives in Jambi City, then processing the data using excel by selecting random sampling as the sampling technique.

The data assortment method is obtained from field research using a survey. This survey is a data compilation methode that is moved out by providing various queries in writing to respondents, can be given directly or via the internet. This questionnaire is addressed to active cooperatives in Jambi City that have been recorded at the Jambi City Manpower, Cooperatives and UKM Jambi City regarding the Internal Control System, Human Resource Competencies, and Information Technology Utilization. This study employs a quantitative data approach, including descriptive statistic and correlation analysis (Sugiyono, 2018)

RESULTS AND DISCUSSION

This study was carried out in active cooperatives in Jambi City, where there are 220 cooperatives that are still active. Data compilation for this research was moved out through dispensing survey. The following is an overview of the data and samples that have been presented in the Table 1:

Table 1
Sample Size and Return Rate

No	Information	Amount	Percentage
1	Quantity of surveys distributed	70	100%
2	Quantity of surveys not sent back	6	8,6%
3	Quantity of surveys that cannot be analyzed	0	0
4	Surveys ready for analysis	64	91,4%

Source: Processed SPSS Data, 2024

The questionnaires distributed to cooperatives totaled 70, there were 6 questionnaires or 8.6% that were not filled in because the cooperative did not respond when the questionnaire was distributed. Then there are 64 questionnaires or 91.4% that are filled in and can be processed. This shows that the respondents in this study have enough understanding and seriousness to provide their participation in the questionnaires filled out. The following are details of data such as gender, age, education level, and extent of aid as follows:

Table 2
Gender based respondent attributes

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	Man	21	32.8	32.8	32.8
	Woman	43	67.2	67.2	100.0
	Total	64	100.0	100.0	

Source: Processed SPSS Data, 2024

Table 2 shows that most respondents are female with 43 people or 67.2%, while male respondents totaled 21 people or 32.8%. This shows that the number of female participants dominates when confronted to the number of male respondents.

Tabel 3
Age based respondent attributes

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	<30	2	3.1	3.1	3.1
	30-50	42	65.6	65.6	68.8
	51-60	20	31.3	31.3	100.0
	Total	64	100.0	100.0	

Source: Processed SPSS Data, 2024

Table 3 shows that the most respondents with the criteria of 30-50 years are 42 people or 65.6%. This shows that respondents have had quite a lot of work experience and are of productive age so that they can provide answers according to experience.

Table 4
Education based respondent attributes

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Valid	SMA	15	23.4	23.4	23.4
	D3	3	4.7	4.7	28.1
	S1	34	53.1	53.1	81.3
	S2	12	18.8	18.8	100.0
	Total	64	100.0	100.0	

Source: Processed SPSS Data, 2024

Table 4 shows that the most respondents have an undergraduate education level (S1) totaling 34 people or 53.1%, for respondents with high school education levels totaling 15 people or 23.4%, for respondents with D3 education levels totaling 3 people or 4.7%, and for S2 education levels totaling 12 people or 18.8%. This shows that respondents with a Bachelor's degree (S1) are more numerous than other levels of education.

Table 5
Service based respondent attributes

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
< 1 Years	2	3.1	3.1	3.1
1-5 Years	12	18.8	18.8	21.9
Valid 6-10 Years	6	9.4	9.4	31.3
> 10 Years	44	68.8	68.8	100.0
Total	64	100.0	100.0	

Source: Processed SPSS Data, 2024

Table 5 shows that respondents with the most length of service criteria with a vulnerable time of > 10 years amounted to 44 people or 68.8%, for a vulnerable time of < 1 year there were 2 people or 3.1%, for a vulnerable time of 1-5 years there were 12 people or 18.8%, and a vulnerable time of 6-10 years amounted to 6 people or 9.4%. This shows that the relevant respondents have contributed long enough to make decisions so that they provide the best answers or questionnaires given.

Descriptive Statistics

Founded on the outcomes of data processing, the measurement results of the variables including the standard of financial reports (Y) which is the dependent variable with the internal control system variable (X1), human resource competence (X2), and information technology utilization (X3) are described. The description of the research data can be described in the Table 6:

Table 6
Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance
Internal Control System	64	2	3	5	4.30	.494	.244
Human Resource Competency	64	1	4	5	4.44	.500	.250
Utilization of Information Technology	64	2	3	5	4.36	.545	.297
Quality of Financial Reports	64	1	4	5	4.49	.394	.155
Valid N (listwise)	64						

Source: Processed SPSS Data, 2024

Table 6 shows that the number of research participant is 64 people. The succeeding is an elucidation of every variable:

1. The internal control system variable has a least value of 3 and a utmost of 5 with an average internal control system value of 4.30 and a standard deviation of 0.494.
2. The human resource competency variable has a least value of 4 and a utmost of 5 with an average value of human resource competence of 4.44 and a standard deviation of 0.500.
3. The information technology utilization variable has a least value of 3 and a utmost of 5 with an average value of information technology utilization of 4.36 and a standard deviation of 0.545.
4. The financial report quality variable has a least value of 4 and a utmost of 5 with an average value of financial report quality of 4.49 and a standard deviation of 0.349.

Validity Test Results

This validity test is used to determine how appropriate the questions presented. Validity test is useful for measuring whether a statement presented is valid or not. A questionnaire is said to be valid if it is able to (Ghozali, 2018).

Table 7
Internal Control System Validity Test Results

Question	Person correlation	R Table Value	Sig.2 Value (tailed)	Decision
X1.1	0.639	0.2461	0.000	Valid
X1.2	0.655	0.2461	0.000	Valid
X1.3	0.746	0.2461	0.000	Valid
X1.4	0.749	0.2461	0.000	Valid
X1.5	0.775	0.2461	0.000	Valid
X1.6	0.469	0.2461	0.000	Valid
X1.7	0.711	0.2461	0.000	Valid
X1.8	0.775	0.2461	0.000	Valid
X1.9	0.622	0.2461	0.000	Valid
X1.10	0.685	0.2461	0.000	Valid
X1.11	0.600	0.2461	0.000	Valid

Source: Processed SPSS Data, 2024

The table 7 exhibits that the internal control system question items consist of 11, unit X1.1 has a calculated r worth of 0.639, unit X1.2 has a calculated r worth of 0.655, unit X1.3 has a calculated r worth of 0.746, item X1.4 has a calculated r of 0.749, item X1.5 has an r count of 0.775, item X1.6 has an r count of 0.469, item X1.7 has an r count of 0.711, item X1.8 has an r count of 0.775, item X1.9 has an r count of 0.622, item X1.10 has an r count of 0.685, and item X1.11 has an r count of 0.600. All r counts of the items above have a value greater than r table, so all internal control system question items are declared valid.

Table 8
Human Resource Competency Validity Test Results

Question	Person correlation	R Table Value	Sig.2 Value (tailed)	Decision
X2.1	0.500	0.2461	0.000	Valid
X2.2	0.729	0.2461	0.000	Valid
X2.3	0.828	0.2461	0.000	Valid
X2.4	0.882	0.2461	0.000	Valid
X2.5	0.660	0.2461	0.000	Valid
X2.6	0.640	0.2461	0.000	Valid
X2.7	0.527	0.2461	0.000	Valid
X2.8	0.774	0.2461	0.000	Valid
X2.9	0.726	0.2461	0.000	Valid
X2.10	0.637	0.2461	0.000	Valid

Source: Processed SPSS Data, 2024

The table 8 shows that the human resource competency question items consist of 10, item X2.1 has a calculated r value of 0.500, item X2.2 has a calculated r value of 0.729, item X2.3 has a calculated r value of 0.828, item X2.4 has an r count of 0.882, item X2.5 has an r count of 0.660, item X2.6 has an r count of 0.640, item X2.7 has an r count of 0.527, item X2.8 has an r count of 0.774, item X2.9 has an r count of 0.726, and item X2.10

has an r count of 0.637. All r counts of the items above have a value greater than r table, so all human resource competency question items are declared valid.

Table 9
Validity Test Results of Information Technology Utilization

Question	Person correlation	R Table Value	Sig.2 Value (tailed)	Decision
X3.1	0.790	0.2461	0.000	Valid
X3.2	0.829	0.2461	0.000	Valid
X3.3	0.566	0.2461	0.000	Valid
X3.4	0.758	0.2461	0.000	Valid
X3.5	0.611	0.2461	0.000	Valid
X3.6	0.628	0.2461	0.000	Valid
X3.7	0.526	0.2461	0.000	Valid

Source: Processed SPSS Data, 2024

The table 9 shows that the information technology utilization question items consist of 7, item X3.1 has an r value of 0.790, item X3.2 has an r value of 0.829, item X2.3 has an r value of 0.566, item X3.4 has an r count of 0.758, item X3.5 has an r count of 0.611, item X3.6 has an r count of 0.628, and item X3.7 has an r count of 0.526. All r counts of the items above have a value greater than r table, so all information technology utilization question items are stated valid.

Table 10
Results of the Financial Statement Quality Validity Test

Question	Person correlation	R Table Value	Sig.2 Value (tailed)	Decision
Y1	0.707	0.2461	0.000	Valid
Y2	0.841	0.2461	0.000	Valid
Y3	0.743	0.2461	0.000	Valid
Y4	0.649	0.2461	0.000	Valid
Y5	0.754	0.2461	0.000	Valid
Y6	0.665	0.2461	0.000	Valid
Y7	0.657	0.2461	0.000	Valid
Y8	0.813	0.2461	0.000	Valid

Source: Processed SPSS Data, 2024

The table 10 shows that the financial report quality question items consist of 8, item Y1 has a calculated r value of 0.707, item Y2 has a calculated r value of 0.841, item Y3 has a calculated r value of 0.743, item Y4 has a calculated r of 0.649, item Y5 has a calculated r of 0.754, item Y6 has a calculated r of 0.665, and item Y7 has a calculated r of 0.657, and item Y8 has a calculated r value of 0.813. All r counts of the items above have a value greater than r table, so all financial report quality question items are announced valid.

Reliability Test Results

Reliability testing is useful for measuring whether the variables used are error-free, thus achieving consistent result even after repeated testing. Reliability indicates the level of

accuracy and reliability of an instrument in measuring the same variable or concept. A variable is considered reliable if its cronbach's alpha is greater than 0.70 (Ghozali, 2018).

Table 11
Reliability Test Results on the Variables under Study

Variable	Cronbach's Alpha	Decision
X1	0.926	Reliable
X2	0.908	Reliable
X3	0.862	Reliable
Y	0.869	Reliable

Source: Processed SPSS Data, 2024

Based on the calculation results as illustrated in the it turns out that the Cronbach alpha value of each internal control system variable (X1) has a value of 0.926, human resource competence (X2) has a value of 0.908, information technology utilization (X3) has a value of 0.862, and the standard of financial statment (Y) has a value of 0.869. All of the above variables have a value of more than 0.70. This means that it can be ascertained that all questions used to step the variables in the analysis are stated reliable.

Normality Test Results

The normality test is useful for assessing the extent to which confounding variables or residuals in a regression model have a normal distribution. The normality test helps researchers or data analysts understand whether the data is normally distributed. Data is said to be normally distributed if it has a significance value > 0.05 (Ghozali, 2018).

Table 12
Normality Test Results

One-Sample Kolmogrov-Smirnov Test

		Unstandardized Residual
N		64
Normal Parameters ^{a,b}	Mean	.0E-7
	Std. Deviation	.26260308
	Absolute	.119
Most Extreme Differences	Positive	.119
	Negative	-.083
Kolmogorov-Smirnov Z		.951
Asymp. Sig. (2-tailed)		.326

Source: Processed SPSS Data, 2024

Table 12 shows that the Asymp. Sig has a value of 0.326 or it can be said that this value is more than 0.05. So it can be finished that the distribution in this research is said to be normal and passes the normality test.

Multicollinearity Test Results

Multicollinerity Test assess the extent of correlation between independent variables in a regression model. A good regression model should not have any correlation between independent variables. Multicollinearity occurs when two or more independent variables in a regression model have a high correlation that can complicate an accurate interpretation of the contribution of each variable to the dependent variable. If the

tolerance value > 0.10 or equal to $VIF < 10$ means there is no multicollinearity between variables (Ghozali, 2018) .

Table 13
Multicollinearity Test Results

<i>Coefficients^a</i>		Collinearity Statistics	
Model		Tolerance	VIF
1	Internal Control System	.466	2.144
	Human Resource Competency	.485	2.064
	Utilization of Information Technology	.588	1.701

Source: Processed SPSS Data, 2024

From the VIF value obtained in the table 13, it shows that there is a fairly mighty correlation between sesame independent variables for the influence of X1, X2, X3 on Y, where the VIF value of each independent variable is still smaller than 10, namely for the internal control system variable with a VIF value of 2,144, for the human resource competency variable with a VIF value of 2,064, and the information technology utilization variable with a VIF value of 1,701. So it can be finised that no multicollinearity exists between the independent variables.

Heteroscedasticity Test Results

Heteroscedasticity Test is to assess whether the regression model shows inequality in residual variance between observations. When heteroscedasticity occurs, regression test result can be inefficient, and standard error estimates and confidence intervals may be inaccurate. If the significance value is > 0.05 , there is no heteroscedasticity symptom, whereas if the significance value is < 0.05 , there is a heteroscedasticity symptom (Ghozali, 2018).

Table 14
Heteroscedasticity Test Results

<i>Coefficients^a</i>		Unstandardized Coefficients	Standardized Coefficients	T	Sig.
Model					
	B	Std. Error	Beta		
1	(Constant)	.778	.179	4.346	.000
	Internal Control System	-.040	.053	-.129	.457
	Human Resource Competency	-.103	.052	-.337	.051
	Utilization of Information Technology	.015	.043	.052	.737

Source: Processed SPSS Data, 2024

Table 14 shows that the important value of the internal control system variable is 0.457, the important value of the human resource competency variable is 0.051, and the significant value of the information technology utilization variable is 0.737. This means that the significant each variable has a value exceeding 0.05, so it can be finished that there are no symptoms of heteroscedasticity in the regression model.

Hypothesis Testing Results

The hypothesis test consists of three tests, which is conducted to test the significance of the partial regression coefficient. Furthermore, the f-test is used to determine the extent to which the dependent variable can simultaneously explain the independent variable (Ghozali, 2018).

Table 15
Statistical Test Results f

<i>ANOVA^a</i>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	6.271	3	2.090	13.230	.000 ^b
Residual	9.479	60	.158		
Total	15.750	63			

Source: Processed SPSS Data, 2024

Table 15 shows that the significant value is 0.000, where the significant value is less than 0.05. So it can be declared that the internal control system, human resource competence, and utilization of information technology simultaneously affect the standard of financial reports on cooperatives in Jambi City.

Table 16
Statistical Test Results t

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.535	.497		3.088	.003
Internal Control System	.021	.149	.020	.139	.890
1 Human Resource Competency	.414	.144	.414	2.874	.006
Utilization of Information Technology	.253	.120	.276	2.114	.039

Source: Processed SPSS Data, 2024

Based on the table 16, the results of the t statistical test (partial test) with a significant value of <0.05 can be interpreted as follows:

1. The important value obtained is $0.890 > 0.05$. This implies that the internal control system variable has no impact on the standard of financial reports (H1 Rejected).
2. The important value obtained is $0.006 < 0.05$. This implies that the human resource competency variable impact the standard of financial reports (H2 Accepted).
3. The important value obtained is $0.039 < 0.05$. This implies that the information technology utilization variable impact the standard of financial reports (H3 Accepted).

Coefficient of Determination (R²)

It is used to measure the best accuracy of multiple regression analysis. If R² approaches 1, it can be said that the model is stronger in explaining the independent variables agains

the dependent variable. Conversely if R^2 approaches zero, the independent variables are weaker in explaining the dependent variables (Ghozali, 2018).

Table 17
Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631 ^a	.398	.368	.397

Source: Processed SPSS Data, 2024.

Table 17 shows that the value of R square is 0.398, it can be interpreted that the variables of the internal control system (X1), human resource competence (X2), and utilization of information technology (X3) are simultaneously able to elucidate the alteration in the ascend and descend of the standard of financial reports (Y) by 39.8%, whilst the leftover 60.2% is elucidated by other variables not used in this research. The coefficient of determination shown by Adjusted R Square of 36.8% is included in the weak influence category (Sugiyono 2018).

The Effect of Internal Control System on the Quality of Financial Statements

The hypothesis test outcomes in the table show a t-count value of 0.139 < 0.2461 and a significant level on the internal control system variable of 0.890. This means that the significance level > 0.05. The outcomes of the research displayed a positive guidance with a uniform Coefficients Beta value of 0.021. Founded on these outcomes, it can be finished that H1 is refused, sense that the internal control system has no impact on the standard of financial reports.

This study is in line with study carried out by Lestari (2023), Atharrizka., et al., (2021), and Gustina (2021) whom state that the internal control system has a negative impact (no effect) on the standard of financial statements. However, this study is not in line with study carried out by Loveli., et al., (2022), Istiyani and Praptoyo (2018), and Ayem and Nugroho (2020) which state that the internal control system impact the standard of financial reports.

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

The hypothesis test outcomes in the table show a t-count value of 2.874 > 0.2461 with a significant level on the human resource competency variable of 0.006. This means that it shows that the significant level is < 0.05. The results displayed a positive guidance with a uniform Coefficients Beta value of 0.414. Based on these results, H2 is approved, meaning that human resource competence affects the standard of financial reports.

The outcomes of this study is consistent with research carried out by Faisal et al., (2023), Rifany and Yuliati (2021), and Triwahyudi (2020) which state that human resource competencies affect the standard of financial reports. However, this research is not in line with the results of study carried out by Ayem and Nugroho (2020), and Istiyani and Praptoyo (2018) which state that human resource competencies have no impact on the standard of financial statments.

The Effect of Information Technology Utilization on the Quality of Financial Statements

The hypothesis test outcomes in the table show a t-count value of 2.114 > 0.2461 with a significant level on the information technology utilization variable of 0.039. This means that it shows that the significant level is < 0.05. The results displayed a positive guidance

with a uniform Coefficients Beta value of 0.253. Based on these results, H3 is approved, meaning that the use of information technology affects the standard of financial reports.

The outcomes of this research are in line with study carried out by Triwahyudi (2020), Meliani and Werastuti (2022), and Sari., et al., (2022) which state that the use of information technology impacts the standard of financial statements. However, this study is not in line with the outcomes of study carried out by Avriyanti (2018) and Agustin (2020) which state that the use of information technology has no impact on the standard of financial statment.

CONCLUSION AND SUGGESTION

This research aims to determine the impact of the internal control system, human resource competence, and utilization of information technology on the quality of financial reports on cooperatives in Jambi City. Respondents in this study totaled 64 people. Based on the test outcomes conducted using IBM SPSS 20 software, it can be concluded that the internal control system has no impact on the standard of financial reports, this is because founded on the outcomes of respondents' answers from the descriptive statistical test results that the average value that shows the lowest results is in the item lack of understanding of cooperative parties regarding risk management and lack of application of rules regarding behavior and ethical standards in cooperatives.

The competence of human resources affects the standard of financial reports, this is because based on the results of respondents' answers from the descriptive numerical test outcomes that the average value that shows the lowest result is in the item there are not many specialized accounting sub-sections, but even so there are many competent human resources, seen from the educational background and work experience of more than 10 years.

Utilization of information technology affects the quality of financial statments, this is because founded on the results of respondents' answers from the outcomes of descriptive numerical tests that the average value which shows the lowest results is in the item using technology for less than 7 hours, but even so, there are already many cooperatives in Jambi City that use laptops / computers in the procedure of getting financial reports, with the use of effective technology that can speed up the process of preparing financial reports and can produce relevant, transparent and timely financial reports so that they can be compared with previous financial reports.

Authors hope that this research can be utilized as a review and source material for additional investigators. For cooperatives, it is hoped that it can enhance the standard of financial reports, so that public trust in cooperatives in Jambi City can increase. Further researchers are advised to add more sources and literature that are relevant to the research topics taken. Other researchears are predicted to add other independent variables such as the application of accounting standards because with the exixtence of accounting standards it will produce quality and accurate financial reports. to provide varied results so that they can find out other components that can impacts the standard of financial statements. Future researchers are expected to rise the number of samples and expand the questionnaire distribution area, not only in Jambi City but also in Jambi Province in order to get maximum results.

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