

Human Resource Competencies, Internal Control Systems, Accounting Information Systems And Quality Of Financial Reports

Sulis Hidayatul Iska¹

¹Master of Accounting, Mataram University

Crospounding author: sulishidayatuliskaa@gmail.com

Abstract

Previous research or relevant research is very important in research or scientific articles. Previous research or relevant research functions to strengthen theories and phenomena of the relationship or influence between variables. This article reviews the factors that influence the quality of financial reports, namely: human resource competency, internal control systems, and the application of accounting information systems through a literature study. The purpose of writing this article is to build a hypothesis of the influence between variables to be used in further research. The results of this literature review article are: human resource competency influences the quality of financial reports; the internal control system influences the quality of financial reports; and the application of accounting information systems influences the quality of financial reports. This research shows that improvements in these three aspects synergistically contribute to improving the quality of financial reports, which ultimately supports the success and sustainability of the company.

Key words: Human Resource Competency, Internal Control System, Accounting Information System, Quality of Financial Reports

INTRODUCTION

Human resource competency plays an important role in supporting the effectiveness and efficiency of company operations. In the context of accounting information systems, high human resource competence is needed to operate and utilize the system optimally. Adequate skills and knowledge of workers in accounting and information technology will increase their ability to manage financial data, produce accurate reports, and support

appropriate decision making. Research by Lumbanraja et al., (2023) shows that investment in developing human resource competencies is crucial for companies that want to improve the quality of their financial reports.

Apart from human resource competence, the internal control system also plays a vital role in ensuring the security and reliability of financial data processed by the accounting information system. A good internal control system will help a company identify and reduce the risk of errors or fraud, as well as ensure that operational procedures run according to established standards. Effective internal control covers various aspects, including supervision, internal audit, and verification mechanisms, all of which contribute to improving the quality of financial reports.

The accounting information system itself is the heart of the financial data processing process in a company. With an integrated and well-functioning accounting information system, companies can collect, store and process financial data efficiently. This not only helps in creating accurate and timely financial reports, but also supports various other business functions such as planning, controlling and performance analysis. Aldino & Septiano (2021) stated that the implementation and maintenance of an effective accounting information system is an important step in improving the quality of financial reports.

The quality of financial reports is very important for various stakeholders, including management, investors, creditors and regulators. Quality financial reports provide a clear and accurate picture of the company's financial position and performance, so that they can be used as a basis for making informative and wise decisions. (Faisal et al., 2023) provides empirical evidence that inaccurate or misleading financial reports can lead to wrong decisions and potentially harm the company and its stakeholders. Therefore, improving the quality of financial reports is a top priority for every company.

Overall, the relationship between human resource competence, internal control systems, and accounting information systems is very close in determining the quality of financial reports. High human resource competency ensures that information systems can be operated and utilized properly. A strong internal control system maintains the integrity and reliability of processed data. Meanwhile, an effective accounting information system provides the necessary platform to manage financial data efficiently.

Based on the title and description above, scientific work can be obtained as previous research or as relevant research. Relevant articles are needed to strengthen the theory being studied, to see the relationship or influence between variables and build hypotheses. This article discusses the influence of human resource competence, internal control systems, and accounting information systems on the quality of financial reports in a literature review

study. The aim of this research is to determine the influence of human resource competence, internal control systems, and accounting information systems on the quality of financial reports.

LITERATURE REVIEW

Human Resources Competency

Competence is the ability to carry out tasks or work based on knowledge, skills, and supported by attitudes that are individual characteristics (Wibowo, 2014). According to Binawati & Nindyaningsih (2022) competency, it is the ability to carry out work roles in accordance with those determined by referring to the work environment. To realize competence in accordance with his role, a professional accountant must have (a) the necessary professional knowledge, (b) professional skills, (c) professional values, ethics and attitudes. Competence is the underlying characteristic of a person which is related to the effectiveness of an individual's performance in their work or the basic characteristics of an individual which has a causal relationship with the criteria used as a reference, being effective or having excellent performance in the workplace or in certain situations. According to Aprisyah & Yuliati (2021) human resource competency, namely the ability to carry out tasks based on the knowledge, skills and characteristics of the individual. Human resource competency includes capacity, namely the ability of a person or individual, an organization (institution), or a system to carry out its functions or authority to achieve its goals effectively and efficiently (Indrayani & Widiastuti, 2020).

Internal Control System

Internal control is defined as a process influenced by human resources and information technology systems designed to help an organization achieve certain goals (Lestari & Dewi, 2020). Implementing effective financial internal control can improve the quality of financial reports. The internal control system includes organizational structure, methods and measures that are coordinated to maintain organizational assets, check the accuracy and reliability of accounting data, encourage efficiency and encourage compliance with management policies (Mokoginta et al., 2017). The internal control system functions to regulate available resources so that they function optimally to obtain differences in profits based on the principles of costs and benefits (Tengko et al., 2022). According to (Mulyadi, 2013) The objectives of the internal control system are: (1) safeguarding organizational assets, (2) checking the accuracy and reliability of accounting data, (3) encouraging efficiency, (4) encouraging compliance with management policies.

Accounting Information System

The accounting information system is an organizational component in collecting, analyzing and communicating financial information and decision making for the company and parties outside the company (Prasisca et al., 2012). Quality financial reports are not only determined by human resource competency but also depend heavily on the accounting information system used within a company. The accounting information system also functions to make it easier for company or agency leaders to carry out their activities and facilitate decision making by management. The resulting financial reports can reflect the performance of a company or agency, which is one of the important aspects that users of financial reports pay attention to. One of the main objectives of the accounting information system is to improve the quality of information in financial reports, so that there is a very close relationship between the information system and financial reports (Faisal et al., 2023). As for (Aldino & Septiano, 2021b) defines an accounting information system as the ability of an information system to provide confidence that the information presented in financial reports is correct or valid, and the availability of information to decision makers if necessary before the information loses its power to influence decisions. An accounting information system is a collection of resources, including people and equipment, designed to convert financial and other data into information

Accounting Information System

According to Ernawati & Budiyo (2019) the quality of financial reports, ideally financial reports should reflect an accurate picture of the company's financial condition and performance. The information presented must be useful for assessing the past and the future, the sharper and clearer the picture presented through financial data and the closer it is to the truth. The quality of information that must be contained in a financial report is easy for readers/users of the financial report to understand. that is, readers/users of financial reports are assumed to understand economic and business activities, accounting. However, the complex information that should be included in financial reports is also easy to understand for readers/users of financial reports who have limited knowledge regarding accounting information systems in financial reports (Kuntadi et al., 2022). The quality of a company's financial reports is determined by how useful the information presented is for users and how the company prepares the report based on the conceptual framework and basic principles and objectives of accounting. Financial reports are a measuring tool used by users to assess the quality of a company. This report is able to provide a clear picture of the company's financial health, thereby enabling the right business decisions to be made.

Financial reports are very important for company management, especially in decision making and strategic planning. Therefore, the accounting information obtained must meet certain criteria (Hadis et al., 2022).

METHOD

This research uses a qualitative approach with a library research *method*. A literature review was carried out by collecting and analyzing previous research relevant to this topic. Data was collected from *Google Scholar* and other online media which discusses the influence of human resource competence, internal control systems and accounting information systems on the quality of financial reports.

In qualitative research, the literature review must be consistent with methodological assumptions, which means it must be used inductively so as not to direct the questions asked by the researcher. One of the main reasons for conducting qualitative research is its exploratory nature (Ali & Limakrisna, 2013).

RESULTS AND DISCUSSION

Based on theoretical studies and relevant previous research, the discussion of this *literature review article* is:

The Influence of Human Resource Competency on the Quality of Financial Reports

Research Sa'adah et al. (2017) states that human resource competency has a significant positive effect on the quality of financial reports. Competence is an ability that exists within a person to demonstrate and apply his skills in real life (Anggreni & Dewi, 2022). The more competent the human resources producing financial reports, the better the quality of the financial reports (Andini, 2015). Research Irafah et al., (2020) states that if human resource competency is good then the quality of regional financial reports will also be good so that it meets the qualitative characteristics of financial reports. This research is in line with awaqaal & Suparno (2017) what states that human resource competency influences the quality of financial reports. This means that human resource competency reflects the level of success in the quality of the financial reports produced, meaning that the better the human resource competency, the higher the level of quality of the financial reports produced.

Influence of the Internal Control System on the Quality of Financial Reports

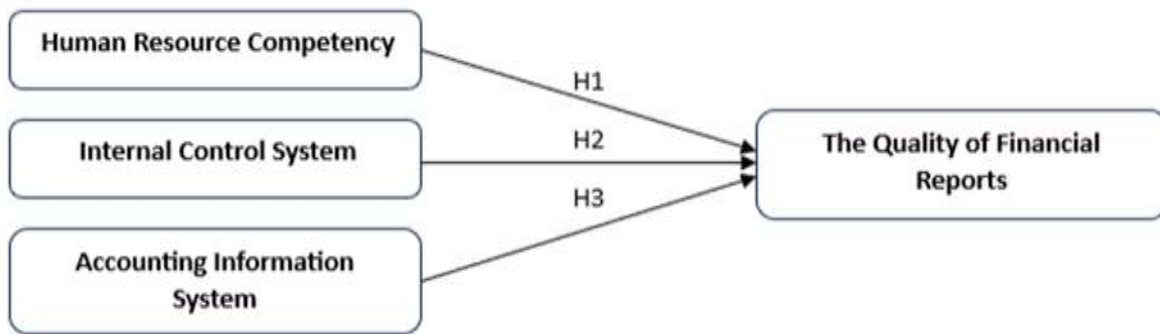
Research Loveli & Ayu (2022) shows that the internal control system influences the quality of financial reports. In this research, it was said that the company implemented an internal control system to minimize risks from the company's operational activities. Internal controls are methods for directing, monitoring, and measuring organizational resources, and play an important role in the prevention and detection of fraud (Mahayani et al., 2017). This research is in line with Rohmah et al., (2020) stating that the internal control system partially has a significant influence on the quality of financial reports. This shows that an internal control system that is able to be implemented or carried out well, namely by having exemplary financial reports, efficiency and effectiveness of program implementation is able to have a positive impact on the quality of financial reports. The internal control system can minimize errors in the presentation of financial reports, protect and limit the possibility of fraud and embezzlement of company assets, so that it can produce financial information, namely the presentation of quality and correct financial reports (Rokhlinasari & Hidayat, 2016). This research is also supported by (Chodijah & Hidayah, 2018) the statement that there is a simultaneous (joint) influence between the internal control system on the quality of financial reports.

Influence of Accounting Information Systems on the Quality of Financial Reports

The research results Animah et al., (2020) show that the accounting information system influences the quality of financial reports. The results of this research are in line with Faisal et al., (2023) the statement that accounting information systems have a positive effect on the quality of financial reports. In this research, it was said that knowledge of accounting information technology or basic accounting sciences, especially regarding financial reports, is really useful. In Sari et al., (2022) stating that the use of accounting information systems can improve the quality of financial reports, this means that the more effectively users utilize information technology, the better the quality of the financial reports produced. The more optimal application of accounting information systems can improve the quality of financial reports (Wulandari & Octaviani, 2020). The research results Gusherinsya & Samukri, 2020) show that by implementing the accounting information system properly and correctly, the quality of the company's financial reports can be improved.

Conceptual Framework

Based on the problem formulation, theoretical review of relevant previous research and discussion of the influence between variables, the following framework of thinking is obtained



Picture 1. Conceptual Framework

CONCLUSION

Based on the research that has been conducted, it can be concluded that human resource competency has a significant influence on the quality of a company's financial reports. High human resource competency, which includes relevant knowledge and skills in accounting and information technology, enables companies to operate accounting information systems optimally. With competent human resources, financial data processing can be carried out more accurately and efficiently, producing financial reports that are of higher quality and can be relied upon by various stakeholders.

Apart from that, the internal control system also plays a crucial role in determining the quality of financial reports. Effective internal control helps companies identify and reduce the risk of errors and fraud in processing financial data. Through mechanisms such as supervision, internal audit and verification, companies can ensure that operational procedures are running in accordance with established standards. This research shows that a strong internal control system contributes significantly to improving the quality of financial reports, ensuring the reliability and integrity of data processed by accounting information systems.

Implementing a good accounting information system is an important factor in improving the quality of financial reports. An integrated and well-functioning accounting information system allows companies to manage financial data more efficiently, assisting in the preparation of accurate and timely financial reports. Implementing an effective accounting information system also supports various other business functions, such as planning, controlling and performance analysis. Overall, this research confirms that human resource

competence, internal control systems, and the implementation of good accounting information systems have a positive and significant influence on the quality of a company's financial reports, which ultimately supports better decision making and company sustainability.

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