

The Effect of Employee Competence, Leadership Commitment, and Internal Audit Role on the Quality of State Property Accounting Information

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ABSTRACT

The quality of accounting information determines the reliability of an entity's financial statements. Accounting information is a product that is included in the accounting information system. An important concern for the quality of accounting information in financial statements is accounting studies whose indicators include reliable, relevant, comparable, and understandable information. Several variables are thought to affect the quality of accounting information. In this study, the variables of employee competence, leadership commitment, and internal audit role are tested on the quality of state-owned accounting information. The research method was descriptive quantitative. The population was 31 employees who handled state property from the unit level to the central level and internal auditors who reviewed the administration of state property. The data collection technique used a questionnaire with a Likert scale. The influence model was analyzed using SPSS version 23. The findings depict that employee competence and leadership commitment have no effect on the quality of accounting information for state property. Meanwhile, the role of the internal audit gives a positive and significant effect. From the simultaneous test, the three independent variables, in a positive way, significantly affect the quality of state property accounting information.

Keywords: *Employee competence, leadership commitment, internal audit role, state property, quality of accounting information.*

1. INTRODUCTION

State property is an economic resource in the form of assets/goods owned and controlled by the government or the community, the management and accountability of which must be adjusted to the applicable laws and regulations. Goods obtained from the burden of the State Revenue and Expenditure Budget or derived from other legitimate acquisitions, such as grants and state confiscations, are owned by the state [1]. Therefore, these state properties need special attention in order to maintain and manage the state assets. Wealth owned by the state must be managed properly and carried out professionally in order to promote the principles of good governance and reflect the quality of good asset management.

As state assets, the property is an important component in the financial statements of government entities. The value of state property every year tends to

increase in line with the increase in capital expenditures in government entities and dominates the total assets in the financial statements.

The information in the financial statements has to meet the quality characteristics of financial statements for the benefit of users' decision-making. The relevant, reliable, comparable, and understandable accounting information is a prerequisite for the preparation of financial statements in government entities [2] which is the output of the accounting information system [3]. The information must be used properly and has the characteristics of being relevant, timely, accurate, complete, and concise [4]. Besides, to be considered high-quality, it must be relevant and useful for decision-making [5]. High-quality financial information will influence the reliability of the financial statements of government entities [6][7].

Studies in several government agencies regarding accounting information in the form of financial statements are presented late and do not meet the criteria of qualified information, including the delay in the preparation. This phenomenon is also experienced by the unit of analysis in this study, in which reports on state property are often prepared late, thus affecting the reconciliation process with the institutional financial reports. This delay indicates the low quality of state property accounting information that causes the information cannot be presented on time. Therefore, this study aims to identify the alleged variables having effects on the quality of accounting information for state property.

2. OBJECTIVES

This study aims to identify how employee competence, leadership commitment, and internal audit role influence the quality of state property accounting information. The findings provide input on what efforts need to be improved in order to obtain accounting information for state property that meets the criteria for qualified information.

Theoretical Framework

Information quality is the degree to which information has the characteristics of content, form, and time, which provide value to the end-users of a particular report/information system [9]. Information quality is generated by the information system used [10]. It is in accordance with [11] who state that users will show higher perceived usefulness and information systems use due to the best quality information. The quality of information can also be seen with the potential to produce unlimited information both within the organization and outside the organization [12].

2.1 The Effect of Employee Competence on the Quality of State Property Accounting Information

Basically, the quality of good state property accounting information depends on the existing human resources in carrying out the activities, including the managers of state property. Employees must provide activity reports directly to the leaders semesterly and annually. The higher the employee competence, the more appropriate the state property reports produced, and the better the quality of accounting information will be; it is also related to fairness.

To measure employee competence variables, three types of indicators are used to indicate the abilities that an employee needs to have to carry out his duties properly. The three types of abilities are knowledge, skills, and attitudes [13]. Employee competence is one of the foundations of the running of an accounting

information system, marked by the placement of competent and responsible employees [14] and commitment to competence [8]. So the first research hypothesis (H_1) is:

H_{01} : Employee competence does not significantly show a positive effect on the quality of state property accounting information.

H_{a1} : Employee competence significantly shows a positive effect on the quality of state property accounting information.

2.2 The Effect of Leadership Commitment on the Quality of State Property Accounting Information

Leadership commitment is a reflection of conducive leadership [2]. It is defined as a deep and serious concern for achieving organizational goals. As mentioned in [15] and [16], the leadership commitment factor is crucial in asset management. It has the greatest influence on the implementation of a policy or regulation in the organization. Leadership commitment is an important aspect of the sustainability of an organization's management system as it can affect the performance of an organization in the future [17]. This is indicated by the information obtained showing that leaders who do not pay attention to asset matters make asset management a complicated problem. It also indicates that leadership commitment is the most dominant factor in influencing the optimization of asset management in public sector organizations.

Leadership commitment can be seen from several aspects, such as involvement, written policies or regulations, and socialization of policies to all employees. The real form these aspects is by arranging ample resources to assure the continuity of the organization, making policies signed by leaders and informing every employee, and conducting training. Thus leaders will provide motivational encouragement to their employees to carry out the program by taking into account the applicable regulations [17]. The second hypothesis (H_2) proposed in this study is:

H_{02} : Leadership commitment does not significantly show a positive effect on the quality of state property accounting information.

H_{a2} : Leadership commitment significantly shows a positive effect on the quality of state property accounting information.

2.3 The Influence of the Internal Auditor's Role on the Quality of State Property Accounting Information

Internal audit is an activity of independent and objective consulting and insurance activities designed to add value and improve the organization's operations. Auditing helps organizations achieve their goals by

establishing a systematic and disciplined approach to evaluating and improving the effectiveness of the organization's risk management processes, adequacy of controls, and management [18]. The implementation of an internal audit on a good internal control system is beneficial for the organization in preventing bad financial conditions and helping the organization to work effectively and harmoniously while detecting errors and irregularities in its operations [19] [20]. The importance of internal control and risk management systems as useful tools in maintaining the achievement of the company's overall objectives and in increasing shareholder value is highly recognized and felt important by private sector organizations [21].

The internal control system plays a very important role in the practice of internal auditing because internal auditors can be considered experts in management control [22]. Therefore, the internal control system is an integral component of the overall governance structure of the organization, which is intended to direct and control activities in order to achieve its objectives [23].

The embodiment of the internal auditor's role in enforcing internal control will affect the effectiveness of achieving one of the organization's goals, namely the reliability of data in financial reports [2]. Routine supervision and monitoring of the management of state property will have an impact on increasing the reliability of state property data in government entities. So the third research hypothesis (H₃) is:

H₀₃: Internal audit role does not significantly show a positive effect on the quality of state property accounting information.

H_{a3}: Internal audit role significantly shows a positive effect on the quality of state property accounting information.

2.4 The Influence of Employee Competence, Leadership Commitment, and Internal Auditor's Role on the Quality of State Property Accounting Information

The three independent variables are expected to have a positive and significant effect on the quality of state property accounting information. This is based on the idea that accounting information is the output of an accounting information system that requires the cooperation of all parties in the organization. Thus, the fourth research hypothesis (H₄) is as follows:

H₀₄: Employee competence, leadership commitment, and internal audit role together do not significantly show a positive effect on the quality of state property accounting information.

H_{a4}: Employee competence, leadership commitment, and internal audit role together significantly show a positive effect on the quality of state property accounting information.

3. METHODOLOGY

This research was conducted using the descriptive quantitative method. The data were primary data obtained from a questionnaire using a Likert scale which was arranged according to the indicators of each research variable. The data were processed and analyzed quantitatively using SPSS version 23.

The population in this study was all employees who carried out the process of administering state property in vocational state universities which are the unit of analysis in this study. They consisted of 31 employees who were at the department and work unit level as well as operators of state property reporting applications.

The independent variables in this study are employee competence, leadership commitment, and internal audit role while the dependent one is the quality of state property accounting information measured by some indicators namely relevant, accurate, timely, complete, reliable, comparable, and understandable [25] [26].

4. RESULTS

An overview of the answers of 31 respondents is as follows:

Table 1. Description of Respondents' Answer Data

Variables	Dimension	Actual Score	Ideal Score	%	Category
X ₁ Employee Competence	Knowledge	574	930	61,7	Knowledgeable
	Skills	593	930	68,3	Skilled
	Attitude	728	930	78,3	Mature
X ₂ Leadership Commitment	--	369	620	59,5	quite committed
X ₃ Role of Internal Auditor	--	823	1240	66,4	play a role
Y Quality accounting information for state property	--	747	1085	68,8	Medium quality

Source: research data

Based on Table 1, it can be seen the categories of each variable based on the respondent's perception are:

- a. Employee competence in the knowledge dimension is included in the knowledgeable category, the skills dimension is included in the skilled category, and the attitude indicates a mature attitude category.
- b. The leadership's commitment to the realization of quality information is considered quite committed.
- c. The role of internal auditors in the realization of quality information is considered to play a role.
- d. The quality of state property accounting information is considered to have entered medium quality (middle).

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	The minimum value of Cronbach's Alpha
X ₁	0,636	0,6
X ₂	0,753	0,6
X ₃	0,942	0,6
Y	0,878	0,6

Source: research data

From Table 2, all variables in this study, namely variables X₁, X₂, X₃, and Y, are reliable because the value of Cronbach's alpha > 0.60 which is in the range of 0.636 to 0.942.

The multicollinearity test was carried out with the aim of testing whether the regression model found a correlation between the independent variables. From the calculation process, it is known that the results of the multicollinearity test are as follows.

Table 3. Multicollinearity Test Results Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	4,921	3,139		1,568	,129		
Total_X1	-,049	,070	-,075	-,696	,493	,530	1,887
Total_X2	-,247	,121	-,226	-2,042	,051	,509	1,964
Total_X3	,965	,121	1,104	7,973	,000	,325	3,077

a. Dependent Variable: Total_Y

Based on Table 3, it is known that all variables in this study do not have multicollinearity because they have a tolerance value > 0.10 and a VIF value < 10.00. The

scatterplot graph is attached below to analyze whether there is heteroscedasticity.

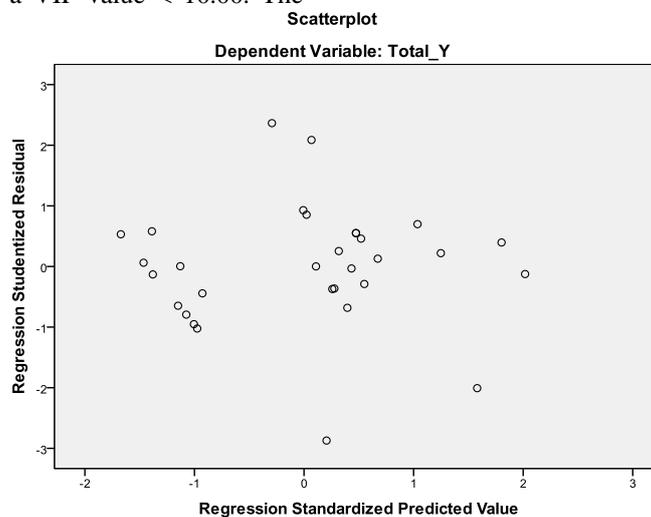


Figure 1 Scatterplot of Residual vs Predicted Value

Based on the figure above, it can be seen that the points on the scatterplot graph appear to spread randomly and spread over the area above and below the number 0

on the Y-axis and do not form a clear pattern. It can be said that the data is free from heteroscedasticity.

Table 4. Partial Test Results (t statistic) Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4,921	3,139		1,568	,129
Total_X1	-,049	,070	-,075	-,696	,493
Total_X2	-,247	,121	-,226	-2,042	,051
Total_X3	,965	,121	1,104	7,973	,000

a. Dependent Variable: Total_Y

The basis for decision making in conducting a partial test is if the significance value is <0.05 and the t-count value is >the t-table value, the independent variable affects the dependent variable. Meanwhile, if the significance value is >0.05 and the t-count value <t-table value, the independent variable has no effect on the dependent variable. The determination of the t-table value in this study used a significance value of 0.05 and degrees of freedom $df = n - k - 1 = 31 - 4 = 27$ so that the t-table value is 1.703.

The results in Table 4 above can be interpreted as follows:

1. The value of t arithmetic on the variable (X1) is -0,696 < 1.703 and a significant value of 0.493 > 0.05,

then H_{01} is accepted and H_{a1} is rejected. It implies that employee competence has no positive and significant impact on the quality of state property accounting information.

2. The value of t arithmetic on the variable (X2) is -2.042 < 1.703 and a significant value of 0.051 > 0.05, then H_{02} is accepted and H_{a2} is rejected. It implies that leadership commitment has no positive and significant impact on the quality of state property accounting information.

3. The value of t arithmetic on the variable (X3) is 7.973 > 1.703 and a significant value is 0.000 < 0.05, then H_{03} is rejected and H_{a3} is accepted. It implies that the role of internal audit has a positive and significant impact on the quality of state property accounting information.

Table 5. Simultaneous Test Results (F Statistics)

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	313,590	3	104,530	44,441	,000 ^a
Residual	63,507	27	2,352		
Total	377,097	30			

a. Predictors: (Constant), Total_X3, Total_X1, Total_X2

b. Dependent Variable: Total_Y

Based on the results of the F-test above, it can be seen that the calculated f value is 17.563 with the f table value using determination ($df = \text{degrees of freedom} = n - k = 28$), so the F table value is 2.95. Also, the calculated F value is 44,441 > 2.95 with a significance value of 0.000 < 0.05.

Therefore, H_{04} is rejected and H_{a4} is accepted. It implies that employee competence, leadership commitment, and internal audit role simultaneously have a positive and significant effect on the quality of state property accounting information.

Table 6. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,912	,832	,813	1,534

Based on the results of the determination test above, it can be seen that the coefficient of determination of the literacy variable produces an Adjusted R-Square value of 0.832 (83.2%). It shows that the magnitude of the influence of variables (X1), (X2), and (X3) on (Y) is 83.2% while the residual value of 16.8% (1-0.832) is caused by other variables that are not used in this research.

5. DISCUSSION

In this study, employee competence, measured by the dimensions of knowledge, attitudes, and skills, is found to have no effect on the quality of state property accounting information. More than 40% of respondents are known to have worked for more than 10 years in handling state property reporting so they have experience in this field. Therefore, it is acceptable that knowledge, skills, and attitudes are considered less relevant to realizing the quality of accounting information because employees are used to and rely more on experience. A possible dimension that needs to be added is work experience in the field.

The second variable, leadership commitment, is also found to have no effect on the quality of state property accounting information. Leadership commitment is measured by leaders' alignment with the recording of state property.

Then, the third research hypothesis H3 is declared accepted. Most of the respondents agree that the role of internal audit has a positive and significant effect on the quality of state property accounting information. The role of internal audit is felt to be more influential due to the periodic and continuous review program on the management of state property, which can be seen in the internal audit work program at universities that are the unit of analysis.

In the simultaneous test, the three independent variables have a positive and significant effect on the quality of state property accounting information. It shows the need for cooperation from various parties, including employees, leaders, and internal auditors, to produce qualified information. The quality of the information in the unit of analysis is in the medium category, so it is believed that not all quality information criteria have been met in the state property accounting information. With the synergy of these three variables, it is hoped that the quality of information can be improved.

6. CONCLUSION

From the analysis, it can be concluded that employee competence and leadership commitment have no effect on the quality of state property accounting information while the internal audit role gives a positive and significant impact. However, the three variables

simultaneously affect the quality of accounting information for state property.

RECOMMENDATIONS

Further research is expected to add employee motivation variables, employee work experience variables, and the application of internal control systems. The research population can be expanded by including the accounting and financial reporting sections.

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