CHAPTER III

RESEARCH METHOD

A. Research Method

   1. Research Object

      The object of research is a problem that will be traced and become a target. For this research, the object is 2-5 villages for each district in Bantaeng Regency, South of Sulawesi Province.

   2. Research Subject

      For this research, researcher will use purposive sampling as a way of sampling. The samples to be used in this research are the heads of the villages, secretaries of the villages, treasurers of the village, supervisors of the villages and heads of finance of village government.

B. Data Type

The type of data used in this research is the primary data

C. Data Collection Technique

      Technique of collecting data for this research is using questionnaire which will be distributed to respondents for every village office and after the respondents fill the questionnaire, it will be taken back for data processing.

D. Operational Definition of Research Variables

   1. Dependent Variable

      Dependent variable is a variable that will be explained or influenced by independent variables and will result in a decision related to the research concerned. In this study, researcher takes the quality of financial statements as a dependent variable. According to PSAK no 1 year 2007, there are several characteristics of a financial statement that are understandable, relevant, reliable and comparable.

      Variable quality of financial statements can be measured using questionnaire that has been developed from Government Act No. 71 year 2010 regarding Government Accounting Standards and adjusted Act in No 64 year 2013 on the application of Government Accounting Standards to local governments. The questionnaire used by the researcher is a Likert scale questionnaire type with 5 - 1. 5 measurements for opinions strongly agree, 4 for opinion agree, 3 for neutral, 2 for disagree and 1 for strongly disagree. The highest value reflects the high quality of the sample financial statements while for the lowest values reflects the low quality of the respondents' financial statements.

   2. Independent variable

      Independent variable is variable that will explain or influence the dependent variable and will show results related to the research being

tested. In this study, there are several independent variables used by researcher, such as:

a. Accountability

Accountability is an accountability that government / officials do to the public to ensure that the government has done its job properly and correctly. In line with this research, the accountability in question is the government accountability to the public as stockholders as well as clarification to the public regarding the performance of the government so far in running the wheels of government.

Variable accountability was measured using a questionnaire developed by the Saputra (2014) within the local government sector. The questionnaire used by the researcher is a Likert scale questionnaire type with 5 - 1. 5 measurements for opinions strongly agree, 4 for opinion agree, 3 for neutral, 2 for disagree and 1 for strongly disagree. The highest value reflects the high accountability of respondents while the lowest value reflects the low accountability of the respondents.

b. Transparency

Transparency is an ethic of providing information to the stockholders with the intention of not hiding something that will lead to crime. Transparency in the context of this research is a form of

government openness related to financial issues to the public so that the public can give confidence to the government.

Variable transparency was measured using a questionnaire developed by Saputra (2014) within the local government sector. The questionnaire used by the researcher is a Likert scale questionnaire type with 5 - 1. 5 measurements for opinions strongly agree, 4 for opinion agree, 3 for neutral, 2 for disagree and 1 for strongly disagree. The highest score of the questionnaire assessment reflects the high transparency of the respondents while the lowest value reflects the low transparency of the respondents.

c. Human resource competence

Human resources are the subject in moving a particular entity or organization to achieve its objectives. With human resources, organizational or entity progress can be reflected.

The variables of human resource competence were measured using a questionnaire developed by Soimah (2014) within the local government sector. The questionnaire used by the researcher is a Likert scale questionnaire type with 5 - 1. 5 measurements for opinions strongly agree, 4 for opinion agree, 3 for neutral, 2 for disagree and 1 for strongly disagree. The highest score of the questionnaire assessment reflects the good quality of human resources of the respondents while for the lowest value reflects the lack of quality of human resources of the respondents.

d. Regulation compliance

The regulation is a constitutional rule designed by the government to create conducive conditions for the country. With the enactment of a regulation, it is expected that all citizens must obey and submit according to the applicable rules.

The variables of regulation compliance were measured using a questionnaire developed by Pratolo and Jatmiko (2016) within the local government sector. The questionnaire used by the researcher is a Likert scale questionnaire type with 5 - 1. 5 measurements for opinions strongly agree, 4 for opinion agree, 3 for neutral, 2 for disagree and 1 for strongly disagree. The highest score of the questionnaire assessment reflects the high compliance of the respondents with the constitution while for the lowest value reflects the low compliance of the respondents with the constitutions.

e. The use of information technology

Information technology is used with the aim to facilitate life in terms of processing data into information. In addition, solve a problem, unlock creativity, improve effectiveness and efficiency in human activities. The variables of the use of information technology were measured using a questionnaire developed by Soimah (2014) within the local government sector. The questionnaire used by the researcher is a Likert scale questionnaire type with 5 - 1. 5 measurements for opinions strongly agree, 4 for opinion agree, 3 for

neutral, 2 for disagree and 1 for strongly disagree. The highest score of the questionnaire assessment reflects the high use of information technology while for the lowest value reflects the low use of information technology in village governmental.

E. Instrument Quality Testing

Instruments will be tested using validity and reliability tests on SPSS applications. This test is to know whether the data is valid and reliable before entering the further process.

1. Validity test

Validity test on research is used to find out whether the measuring instrument used to obtain data in accordance with the needs of research data retrieval. The validity test uses statistical aids of Bivariate Correlation Pearson that the instrument is said to be valid if the value of sig> 0.25 or r count is greater than r table.

2. Reliability test

Reliability test on research is used to find out how consistent the data if the data used to test two times or more. The reliability test use Cronbach Alpha to know the reliability of the data. An instrument has high reliability if the value of Cronbach alpha between 0.60-0.80. For the Cronbach alpha between 0.40-0.60 have moderate reliability and below than 0.40 have low reliability.

F. Hypothesis Test and Data Analysist

1. Classic Assumption Test

   The classical assumption test is met by using:

   a. Normality

      A data will be normally distributed if the value of significance> 0.05 (alpha), below the alpha value means the data is not normally distributed. Normality test is using Knolmogorov Smirnov method.

   b. Multicollinearity test

      A data is said to meet the multicollinearity test if VIF (Variance Inflating Factor)> 10 and tolerance> 0.10. This test aims to determine the correlation between variables.

   c. Heteroscedasticity test

      A data is said there is no symptoms of heteroscedasticity if significant value of the data is processed> 0.05.

2. Data Analysist Tool

   a. Descriptive statistics

      In this research, descriptive statistics is used to describe and explain the true data.

   b. Analysist model (multiple linear regression analysist)

      Hypothesis test is using multiple linear regression test to test independent influence to dependent variable. In general, multiple linear regression for the sample is written:

      $$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Information:

Y = Quality of financial statement

α = Constanta

β_1 - β_3 = Coefficient

X_1 = Accountability

X_2 = Transparency

X_3 = Human resource competence

X_4 = Regulation compliance

X_5 = The use of information technology

e = error

c. F test (simultaneous)

F test or simultaneous is used to know whether the independent variables together can explain the dependent variable in the research. This test can be done by SPSS with use the ANOVA table in sig column. The sig value applied is 0,05. If the sig value <0,05 means that the independent variables together can explain the dependent variable. In the other side, if the sig value >0,05 means that the independent variables together cannot explain the dependent variable.

d. T test (partial test)

T test is used to know whether the independent variables have effect towards dependent variables or not partially in this research. The test can be done by using SPSS and the result can be seen from the coefficient value and the coefficient regression (B). The independent

variable has effect towards dependent variable if the coefficient regression value is positive and the sig value <0,05 then the hypothesis is accepted. If the coefficient regression value is negative, then the hypothesis is rejected.

e. Coefficient of determination test (R^2)

Coefficient of determination test is used to measure the ability of regression model in explaining the dependent variable. If the coefficient of determination value is close to 0, it means that the independent variable cannot explain the dependent variable. In the other side, if the coefficient determination value is close to 1, is means that the independent variable can explain the dependent variable