

CHAPTER III

RESEARCH METHOD

A. Research Object and Subject

The object is Local Government of Gunungkidul Regency. Subject of this research are 32 Local Government Department (OPD) consist of 19 local government offices, 5 agencies, and 8 sub districts. The researcher will took 4 respondents maximal each OPD.

B. Data Type

In this study, the data type is quantitative through survey using primary data. Primary data is data collected by researchers directly from the original sources (without going through intermediaries).

C. Sampling Technique

The sampling technique used in this research is purposive sampling. Using purposive sampling because of the information or data that will be examine comes from respondent which is deliberately chosen by the researcher's criteria. The criteria of respondent is OPD employees who carry out the accounting function / financial administration.

D. Data Collection Technique

Technique of collecting data for this research is using questionnaire which is distributed to respondents for every OPD and will be taken back for data processing 1 (one) month maximally after questionnaire distributed.

E. Operational Definition of Research Variables

1. Dependent Variable

Dependent variable is a variable that will be influenced by the independent variables and will produce a result that relate with research conducted. This research take quality of local government financial statement as dependent variable.

According to Government Regulation (PP) No. 71 / 2010 there are four (4) qualitative characteristics of financial statement such as relevant, reliable, comparable, and understandable. Relevant means the information in financial statement can influence user's decisions to evaluate past or present events, or predict the future, and to correct the past evaluation result with several qualification. Reliable means the information free from misleading and material error so the presentation must be honest, verifiability and neutral. Comparable means the financial statement can be compare with previous financial statement. The last is understandable meaning the information presented can be understood by the users.

This questionnaire for dependent variables using 5 Likert scale measurement from Triyanto (2017).

No	Explanation	Score
1	SS (Strongly Agree)	5
2	S (Agree)	4
3	N (Neutral)	3
4	TS (Disagree)	2
5	STS (Strongly Disagree)	1

2. Independent Variable

Independent variable is variable that will influence the dependent variable and will produce a result that relate with research conducted. This research using four (4) independent variables such as:

a. Human Resource Competency

Human resource in carrying out their duties must have a provisions like educational background, knowledge, skill, and attitude. Human resource is the ability of an individual, an organizational (institutional), or a system to carry out its function or authority to achieve its objectives effectively and efficiently. This variable can be measure with instrument by Nurais (2017).

b. Implementation of Government Accounting Standard

In the presentation of financial statement to get Unqualified Opinion must based on the Government Accounting Standard. Many component that must be prepared when the government make a financial statement. The financial statement must be done based on government accounting information because its relate with the user trust towards the information. This variable using questionnaire by Nurais (2017).

c. Internal Control System

Based on Government Regulation (PP) No. 60 / 2008 internal control system is an integral process in actions and activities carried out by the leader and all of employees to provide adequate confidence in achieving

organizational goals through effective and efficient activities, reliability of financial reporting, state assets security, and compliances of laws and regulations. The indicator for internal control system can be seen from control environment, risk assessment, activity of control, information and communication, and monitoring. This variable measurement taken from Triyanto (2017).

d. Utilization of Information Technology

One of the examples of information technology that is computers. Computers can help to speed up and simplify employee's work. Beside computer, the government also must have network to share the information to the public. This variable can be measured using questionnaire instrument by Triyanto (2017).

This questionnaire for independent variables using Likert scale with 5 measurement.

No	Explanation	Score
1	SS (Strongly Agree)	5
2	S (Agree)	4
3	N (Neutral)	3
4	TS (Disagree)	2
5	STS (Strongly Disagree)	1

F. Descriptive Statistics Test

Descriptive statistics in this research used to describe and explain the true data with explanation about mean, amount of minimal, amount of maximal, and standard deviation.

G. Data Instrument Quality Testing

1. Validity Test

Validity is the reliability level of the measuring instrument used. Valid means that the instrument can be used to measure what should be measured. A research instrument must be tested for validity so that the instrument used is valid and produce correct research. An instrument valid if all items forming variables have a correlation (r calculation) with a total score of each variable $\geq r$ table (Nazarudin and Basuki, 2017).

2. Reliability Test

Reliability test is useful to determine whether the instrument (questionnaire) can be used more than once, at least by the same respondents will produce consistent data. The reliability test used Cronbach Alpha technique. There are four measurement of reliability:

- a. Perfectly reliable when $\alpha > 0,9$
- b. High reliability when the amount of α between $0,7 - 0,9$
- c. Moderate reliability when the amount of α between $0,5 - 0,7$
- d. Low reliability when $\alpha < 0,5$

H. Classic Assumption Test

1. Normality Test

A data will be normally distributed if the value of significance level $> 0,05$. Below that amount means the data not distributed normally. The normality test using the one-sample method Kolmogorov Smirnov.

2. Multicollinearity Test

The multicollinearity test aim to test whether there is a correlation between independent variables in the regression model. The multicollinearity occur when the tolerance value is $< 0,1$ or Variance Inflation Factor (VIF) > 10 (Nazarudin and Basuki, 2017).

3. Heteroscedasticity Test

Ghozali (2011) described that a good regression model is not occur the heteroscedasticity. Heteroscedasticity tests show the variance of variable are not same for all observation. If the variance from one observation to another is same is called homoscedasticity and if different is called heteroscedasticity. If sig $> 0,05$ it can be concluded that the regression is free from heteroscedasticity.

I. Hypothesis Testing

1. Multiple Linear Regression Test

Multiple regression analysis conduct to determine the effect each independent variable towards dependent variable. The model of regression equation used is:

$$QFS = a + b_1HR + b_2IGAS + b_3ICS + b_4IT + e$$

Explanation :

QFS	: Quality of Local Government Financial Statement
A	: Constanta
b ₁₋₄	: Regression Coefficient
HR	: Human Resource Competency
IGAS	: Implementation of Government Accounting Standard
ICS	: Internal Control System
IT	: Utilization of Information Technology

2. Coefficient of Determination Test

The coefficient of determination test aim to determine the ability of independent variable explain the dependent variable. The amount that must be seen is in Adjusted R Square with the amount of 0-1. More closer to the 1, the ability of independent variable to explain the dependent variable is higher.

3. F-test (Simultaneously Significant Test)

The using of F-test is to test whether there is any influence of dependent and independent variable or not. The criteria is the f sig value <0,05 it means there is any influence both independent and dependent variable (Nazarudin and Basuki, 2017).

4. T-test (Partial Significant Test)

The using of T-test is to test the influence of each independent variable with dependent variable (Nazarudin and Basuki, 2017). There are following criteria:

- a. Sig value <0.05 and regression coefficient in line with the hypothesis, the hypothesis are accepted.
- b. Sig value >0.05 and not in line with the hypothesis, the hypothesis are rejected.