

CHAPTER III

RESEARCH METHODS

A. Object and Subject Research

The object of this study is the Regional Device Organization (OPD) in Bantul Regency. The subjects of this study are the Head of Institutions, Head of Finance Sub-Section, and Staff of the Accounting/Financial Administration Subdivision at the OPD in Bantul Regency. The data consist of 30 OPDs.

B. Types of Data

The data used by the researcher is primary data obtained using quantitative methods. The primary data are obtained through survey by distributing questionnaires to respondents. The questionnaire includes questions on to the proposed variables related to the study.

C. Data Collection Techniques

The data are directly obtained from respondents by using primary data. The data are collected through a questionnaire to get a high response rate. The responses were based on the criteria set by the researcher put on the questionnaire. The questionnaire used the Likert scale 1-5.

D. Sampling Techniques

The sampling method in this study used purposive sampling because the obtained samples were assessed based on certain considerations or criteria. The respondents were chosen by researchers following the criteria of the

research sample, namely having authority and responsibility in the fields of finance and accounting.

E. Operational Definitions and Variable Measurements

1. Independent Variables

a. Human Resource Competence

Success in presenting quality financial statements depends on the human resources. Human resources are very important organizational elements, therefore human resource management must be done well to be able to contribute optimally in efforts to achieve organizational goals (Darmawan and Darwanis, 2018).

This research variable is measured using an instrument developed by Nugroho (2018) updated to be more relevant. 1. Disagree (TS) is given a value of 2. Neutral (N) is given a value of 3. Agree (S) is given a value of 4, and Strongly Agree (SS) is given a value of 5. The higher the score (5), the better the human resources.

b. Internal Control System

The internal control system is very much needed by the local government to check the accuracy and reliability of accounting data. The existence of an accounting information system can reduce the risk of errors and recording errors. One part of the accounting information system that supports the smooth running of the accounting information system is internal control.

Research variable will be measured using an instrument developed by Nugroho (2018) which is then updated to be more relevant. 1. Disagree (TS) is rated 2. Neutral (N) is rated 3. Agree (S) is given a value of 4, and Strongly Agree (SS) is given a value of 5. The higher the score (5), the better the internal control system.

c. Information Technology

Information technology is a technology that can simplify everything, such as helping to simplify work. Information technology is needed by the government for financial reporting in order to produce accurate financial report quality.

This research variable is measured using instruments from Ramadhani et al (2019) which are then updated to be more relevant. The questionnaire uses Likert scale 1-5. All variables are given alternative answers namely Very Disagree (STS) is given a value of 1. Disagree (TS) is given a value of 2. Neutral (N) is given a value of 3. Agree (S) is given a value of 4, and Strongly Agree (SS) is given a value of 5. The higher the score (5), the better the information technology.

d. Understanding on Accrual-Based Government Accounting Systems

Accrual-based accounting is the basis of accounting in which economic transactions and other events are recognized, recorded and presented in financial statements. The transaction is presented at the

time of the transaction, regardless of the time cash or cash equivalents are received or paid. In accrual-based accounting, recording time is based on the time of resources flow, so that it can provide the most comprehensive information because all resource flows are recorded (Asfiansyah, 2015).

This research variable is measured using an instrument developed by Nugroho (2018) which is then updated to be more relevant. 1. Disagree (TS) is given a value of 2. Neutral (N) is given a value of 3. Agree (S) is given a value of 4, and Strongly Agree (SS) is given a value of 5. The higher the score (5), the better the accrual based.

2. Dependent Variables

a. Quality of Financial Statements

Financial statements are very important for the regional government because the financial statements of the local government can measure and see whether the quality of the regional financial statements has met the quality of financial reports that are relevant, reliable, comparable and understandable. Preparation of quality financial reports requires competent human resources who understand the rules in preparing financial statements in line with government accounting standards.

This research variable is measured using an instrument developed by Nugroho (2018) which is then updated to be more relevant. 1. Disagree (TS) is given a value of 2. Neutral (N) is rated 3. Agree (S) is

given a value of 4, and Strongly Agree (SS) is given a value of 5. The higher the score (5), the better the quality of financial statements.

F. Instrument and Data Quality Test

1. Descriptive Statistics Test

Descriptive Statistics Test is used to provide a general description on the respondents' demographics and the research variables in order to find out the absolute frequency distribution of the minimum, maximum, mean, median, and standard deviations on the variables used by researchers. Descriptive method is a method of data analysis done by describing collected data without making general conclusions to help researchers understand the object of their research.

2. Data Quality Test

a. Validity Test

Validity is the level of reliability and validity of the measuring instrument used (Nazaruddin & Basuki, 2019). Validity test is used in order to know the validity of a research questionnaire. It is valid if the questionnaire question is appropriate to measure what researchers want to measure (Nazaruddin & Basuki, 2019). This test is intended to each item of each indicator. In this study, the validity test is seen from the output of KMO and Bartlett's Test of Specirity. Nazzarudin and Basuki (2019) mention that the validity test has the criteria on the test, namely if the value of KMO and Bartlett's Test of Specirity is $> a$ value of 0.5 then the instrument tested is declared valid.

b. Reliability Test

Reliability testing is used to determine whether the questionnaire can be used more than one, at least by the same respondent who will produce consistent data (Nazzarudin and Basuki, 2019). This study uses Cronbach's Alpha with a significant level of 5%. Cronbach's Alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Each item statement or question in the questionnaire is said to be reliable if the value of Cronbach's Alpha is greater than or equal to 0.70 (Nazaruddin & Basuki, 2019).

c. Classic Assumption Test

Multiple linear regression analysis must be approved to carry out classical assumption tests. The Classical Test used in this study is the normality test, multicollinearity test and heteroscedasticity test. The explanation of each classic assumption test is as follows:

1. Normality Test

The normality test is used to determine the data that have been collected normally distributed or taken from normal participation (Nazaruddin and Basuki, 2019). The normality test used in this study used is Kolmogorov-Smirnov statistical test. The criteria of this test if the Asymp.sig (2-tailed) value is greater than 0.05 or 5%, it can be concluded that the residual spread is normal. If the Asymp.sig (2-tailed) value is smaller than 0.05 or 5%, then it can be

concluded that the residual spread is not normal (Nazaruddin and Basuki, 2019).

2. Multicollinearity Test

Multicollinearity test is the existence of a linear relationship between independent X variables in the Multiple Regression Model. The data are said to be free from multicollinearity if it has a Variance Inflation Factor (VIF) value of less than 10 and a tolerance value higher than 0.1 percent (Nazaruddin and Basuki, 2019).

3. Heteroscedasticity Test

The heteroscedasticity test is used to determine the deviation from the classical assumption requirements in the regression model, wherein the regression model the conditions for the absence of heteroscedasticity must be fulfilled (Nazaruddin and Basuki, 2019). Residual variants that have the same variant are called homoskedasticity. Meanwhile, if the variant is not the same it is called heteroscedasticity. To test the presence or absence of heteroscedasticity, the researcher does that by regressing the dependent variable by squaring Abs_Res. It is said that heteroscedasticity does not occur if the value of $\text{sig} > 0.05$.

G. Hypothesis Test and Data Analysis

In this study, the hypothesis is tested using Multiple Linear Regression Analysis in order to test the effect of more than one independent variable on one dependent variable. In this study the multiple analysis models are formulated as follows:

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

Information :

Y	= Quality of Financial Statements
α	= Constants
$\beta_1 \beta_2 \beta_3 \beta_4$	= Regression Coefficient
X ₁	= Human Resource Competence
X ₂	= Internal Control Sytem
X ₃	= Information Technology
X ₄	= Understanding on Accrual Based Accounting
e	= Error

1. T-Value Test

The t-value test is used to test how far the independent variable has an effect on the dependent variable partially or individually. Testing is done using a significance level of 0.05 ($\alpha = 5\%$). If the significance value is $< \alpha$ 0.05 and the regression coefficient is in line with the hypothesis, the hypothesis is accepted.

2. Determination Coefficient Test (Adjusted R²)

Adjusted R square (R²) refers to how much the variable matches or how much the independent variable explains the dependent variable (Nazaruddin and Basuki, 2015). The value of Adjusted R² is between zero and one value. The addition of variables in Adjusted R square is very

vulnerable to the addition of independent variables because the value of Adjusted R^2 can be even greater (Nazaruddin and Basuki, 2015). If Adjusted R^2 is small, then the ability of the independent variable in explaining the dependent variable is very limited. The independent variable that gives all the information needed to estimate the dependent variable is the value of Adjusted R^2 which approaches 1.

3. F-Value Test

The F test is used to determine whether all independent variables together have a significant effect on the dependent variable (Nazaruddin and Basuki, 2019). If the significance value is < 0.05 , then the independent variables simultaneously have a positive effect on the dependent variable (Nazaruddin and Basuki, 2019).