

The Effects of Human Resource Quality, Use of Information Technology and Internal Control Systems on the Quality of Financial Reports through Company Performance (Study of Rural Banks in Probolinggo Regency)



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ABSTRACT: This study aims to describe the influence of human resource quality, technology utilization, SPI (Service Performance Indicator), financial report quality, and Company performance, analyzing the influence of human resource quality on company performance, analyzing the influence of IT utilization on company performance, analyzing the influence of SPI on company performance, analyzing the influence of human resource quality on financial report quality, analyzing the influence of IT utilization on financial report quality, analyzing the influence of SPI on financial report quality, analyzing the influence of company performance on financial report quality, analyzing the influence of human resource quality on financial report quality, analyzing the influence of IT utilization on financial report quality, and analyzing the influence of SPI on financial report quality of rural banks (BPR) in Probolinggo regency. The sample in this study consists of 110 individuals taken using purposive sampling technique. The analysis technique used path analysis. The results show that Human Resource Quality significantly affects financial report quality. IT utilization significantly affects financial report quality. SPI significantly affects financial report quality. Human Resource Quality affects Company performance. IT utilization affects company performance. SPI affects company performance. Financial report quality affects company performance. Human Resource Quality influences the financial report quality of BPR companies in Probolinggo Regency through financial report quality. IT utilization affects the financial report quality of BPR companies in Probolinggo Regency through company performance. SPI influences the financial report quality of BPR in Probolinggo Regency through financial report performance.

KEYWORDS: Quality of Human Resources, Utilization of Information Technology, Internal Control System, Quality of Financial Reports, Company Performance

I. INTRODUCTION

All regions in the world need an economy for the welfare and prosperity of society. The banking sector plays an important role in supporting and increasing the pace of the country's economy. A bank can be said to be healthy if the bank is able to carry out its functions very well. Bank Indonesia as the central bank has control over banks to find out the financial condition and business activities of each bank. Banking policies issued and implemented by Bank Indonesia are basically aimed at creating and maintaining health, both individually and as a banking system. Health or financial condition and other non-financial factors that are good are part of the interests of all stakeholders, shareholders, those responsible for operations (management), bank users (customers) and Bank Indonesia as the bank supervisory authority. These bank conditions are used by several interested parties as mentioned above to determine the performance of the company (bank) in implementing several principles including prudence, risk management and compliance with predetermined risk provisions.

Shareholders, people in charge and all employees in banks, customers and Indonesian banks as supervisors and supervisors of banks in Indonesia. Financial reports can be used as a means to determine the level of banking health through financial report analysis. Bank health assessment is very important to determine banking conditions for both the bank itself and its customers.

Good human resource quality is the basis for achieving reliable financial reports. Qualified or sufficient human resources will not be able to create reliable financial reports if they are not also accompanied by current developments in information technology. If a company (bank) follows the development of information technology which is then applied to the company, it will

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provide several conveniences in the company's (bank) operational activities to improve the quality of accounting information at the bank.

In the modern world like now, not only the quality of human resources is considered to advance the company, but the use of IT within the company must also be taken into account because the company must always upgrade or must follow developments in technology and information so that it can be in line with the company's vision and mission to continue to progress and develop. Where the relationship between the quality of human resources and the use of technology and information continues to be related. Utilization of information technology can be interpreted as the use of technology and information as a link to make it easier to reach customers, provide important information related to BPR including providing interest rates from the OJK and so on.

The financial condition and other non-financial factors in banking companies are the needs and responsibilities of all stakeholders, including shareholders, bank managers, customers, the OJK which is the bank supervisory authority and other parties. The financial condition is used by several parties to determine the bank's performance. In this case, financial reports can show information and become a tool to increase credibility.

Healthy banks show fairly good financial performance. This can be a benchmark for stakeholders to re-invest their capital in the bank. Investors or what could be called shareholders, creditors who are interested in buying shares or bonds of a company will not only look at how shares have moved historically, but the overall performance of the company must also be measured.

The development of the BPR business which is increasingly rapid day by day means that the risks faced by BPRs are becoming greater. Initially, BPR's main activity was only providing credit and only faced the risk of credit congestion and the risk of liquidity imbalance. As the value of assets and the nature of their business increases, banks face various other business risks. Operational risks, new interest rate risks, namely reputation risks, are increasingly considered more important every day. This is of course related to the bank's function as a trusted institution. To reduce business risks, BPRs really need to apply prudential principles.

Performance in a broad sense is the result of hard work in terms of quality and quantity that can be carried out by a person or company in carrying out basic tasks as a function as an employee or as a group/company. According to Harmono (2020), company performance is measured based on net income (profit) or as a basis for other measures such as return on investment or earnings per share. Financial performance is an analysis used to determine the extent to which the company (bank) carries out and uses guidelines for implementing finances properly and correctly.

Rural Banks have a great opportunity to organize their own finances and distribute work evenly which can improve the welfare of the BPR itself. One form of responsibility from Rural Banks is providing quality financial report information that can be understood by all stakeholders as a form of responsibility to shareholders and also to customers. Reliability in the presentation of financial reports is one of the characteristics of BPR. Reliability is information that has reliable quality if it is free from misleading meanings, material errors, and can be relied upon to be used as a sincere and honest presentation (faithful representation) that reflects what it should be presented or what is reasonably expected to be presented (Harmono, 2020). Therefore, Rural Banks in presenting financial reports must be able to provide reliable information and be free from misleading meanings, so that customers trust and believe that the financial reports are correct. Financial reports are often considered to depict a fair view in terms of how they are presented fairly, the financial position, performance and changes in the financial position of a company (Harmono, 2020). This assessment aims to determine whether the bank is in a healthy condition, quite healthy, unhealthy or unhealthy. For healthy banks, they must maintain their health, while sick banks must immediately treat their illnesses. Bank Indonesia as supervisor and bank supervisor. Banks can provide direction or instructions on how the bank is in line with the developments mentioned above.

II. LITERATURE REVIEW

A. Contingency Theory

Contingency theory is a theory of managerial suitability which means driver adaptation under the right conditions. Fiedler put forward this theory, believing that a leader's performance is determined by their understanding of the situation they lead or a leader is able to read the situation of the company they lead and the philosophy of contingency theory thinking based on which each organization has its own characteristics in facing various problems. Therefore this approach views that behavior should be carried out in different situations Leadership is also different and each organization has to deal with its own management style.

Contingency Theory pays attention to the law of the situation (Law of the Situation). Leadership is a situation, namely a condition or situation that requires different demands and applications over time and place (Soekarso, 2015). This theory defines leadership styles that are adapted to each different situation. In other words, this theory tries to link leadership style with contingency factors, namely various different situations. In different situations, the leadership style that will be applied will also be different (Hery, 2018).

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B. Company performance

Company performance is a description or condition of the company within a certain period of time or can also be referred to as achievements or results that influence operational activities in utilizing or maximizing existing resources within the company. Company performance is the result or achievement that has been achieved by company management in carrying out its function of managing company assets effectively during a certain period (Rudianto, 2013). There are various benchmarks that can be used to assess a company's corporate performance, each of which has different and specific benefits with certain uses.

C. Quality of HR

HR quality is a person's ability based on knowledge, skills and good work attitudes in carrying out certain tasks to achieve organizational goals. Work-related knowledge, namely knowing and understanding knowledge in their respective fields in carrying out duties and responsibilities at work, knowing knowledge related to regulations in the organization and knowing how to use information, equipment and techniques appropriately and correctly. Meanwhile, individual skills include skills in communicating well and work attitudes include the ability to be creative at work.

HR management is one area of general management, such as financial management, marketing management and operational management (Iswanto and Yusuf, 2021). HR management is a very important study in organizations because the problems faced by companies are not only raw materials, work and production tools, or working capital, but also labor or human resource problems, which in fact are the parties who run and manage them at the same time. factors of production and also the goal of the production activity itself.

D. IT Utilization

Technological developments always experience very rapid and rapid development. IT (IT) develops along with the development of human civilization. Utilization of IT is the process of processing and distributing information to carry out individual activities using computers and telecommunications equipment. IT is developing in Indonesia along with the development of increasingly modern human civilization. "IT developments include developments in hardware, software, data storage technology and communications technology." As IT advances, more accurate and precise functions and the ability to store greater data, make financial reporting and reporting easier. Work is becoming more efficient, but as IT develops, more resources are needed.

According to Setyowati, Isthika, & Pratiwi (2016) The use of IT will really help speed up the process of managing financial transaction data, presenting financial reports, and can avoid errors in posting documents from books, journals, ledgers, so that they become a complete financial report in accordance with with statutory regulations regarding regional government financial management. To improve the performance of government organizations/agencies within the framework of improving services to the community and accelerating the implementation of e-government, it is very important to utilize IT (Komararasri, 2017).

E. SPI (Internal Control System)

To maintain organizational wealth, check the reliability of accounting data, encourage efficiency and encourage the fulfillment of management policies, it is necessary to have SPI coordination which includes the organization, methods and data measures (Mulyadi, 2010). Internal control is a process influenced by human resources and the implementation of IT systems that help organizations achieve common goals. The personnel resources used are monitored and directed by the organization's SPI.

F. Quality of Financial Reports

Financial reports are the final result of an accounting recording activity process which is a report that describes the situation in a company during the relevant financial year period. Financial reports are an important source of information for users of financial reports in the context of making economic decisions. A financial report (Financial Statement) will be more useful for decision making, if with this information you can predict what will happen in the future. Financial reports are processed through a process of comparison, evaluation and trend analysis, so that you can predict what might happen in the future, this is where financial reports are really needed.

A financial report can be said to be useful for its users if the financial report has quality information value and can be used in decision making. Quality financial reports certainly have their own criteria. The commonly known types of financial reports are balance sheets, cash flow reports, reports of changes in financial position (Harahap, 2004).

G. Research Hypothesis

A hypothesis is a temporary answer to a research problem formulation, where the research problem formulation has been stated in a statement. In this research, the problem formulation that can be formulated is:

H1: The quality of human resources influences the quality of financial reports

H2: The use of IT influences the quality of financial reports

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H3: SPI influences the quality of financial reports

H4: HR quality influences financial performance

H5: IT utilization influences financial performance

H6: SPI influences company performance

H7: The quality of financial reports influences financial performance

H8: HR quality influences company performance through the quality of financial reports

H9: The use of IT influences company performance through the quality of financial reports

H10: SPI influences company performance through the quality of financial reports.

III. RESEARCH METHODS

A. Research Variables and Variable Measurement

In this study the author used three variables which include dependent variables, independent variables and intervening variables.

1. Independent variable

Is a variable that explains or influences other variables, where in this research the independent variables include. HR is explained as X1, IT utilization as X2 and SPI as X3.

2. Dependent variable

Variables that are explained or that are influenced by independent variables. The dependent variable in this research is the quality of financial reports.

3. Intervening variables

Is a variable that theoretically influences the relationship between the independent variable and the dependent variable into a relationship that is indirect and cannot be observed and measured. This variable is an intervening or intermediate variable that is located between the independent variable and the dependent variable. The intervening variable in this research is the quality of financial reports which is notated as Y2.

The measurement of each variable in this study uses a five-point Likert scale: 1 = strongly disagree (STS), 2 = disagree (TS), 3 = Somewhat Agree (CS), 4 = agree (S), 5 = strongly agree (SS). The five-point Likert scale is the scale most commonly used in research and has fairly good indices of validity, reliability, discriminatory strength and stability (Dawes, 2008; Preston and Colman, 2000; Budiaji, 2013).

B. Population and Sample

In this study, researchers used 31 BPRs in Probolinggo district as the population. Population is a collection of elements that have certain characteristics that can be used to make conclusions. These elements can be people, managers, auditors, companies, events, or anything that is interesting to observe/research (Chandrarin, 2017). The population is all research subjects (Arikunto, 2013). The population in this study were all employees at the People's Credit Bank (BPR) in Probolinggo Regency. A sample is a collection of subjects that represents a population. The sample taken must have the same characteristics as the population and must be representative (Chandrarin, 2017). In selecting the sample in this research, the researcher used a purposive sampling method. Purposive sampling is a technique for determining samples with certain considerations (Sugiyono, 2015). The considerations made by the researcher were to establish several criteria to determine the objects that would be sampled in the research, namely directors, Head of Credit and Savings Section, supervisor, internal audit and accounting. The sample in this study was 110 people taken using a purposive sampling technique.

C. Data analysis technique

The data analysis method used is path analysis. Path analysis is part of regression analysis which is used to analyze casual relationships between variables where the independent variables influence the dependent variable, either directly or indirectly, through one or more intermediaries (Sarwono, 2006: 147). The benefit of Path Analysis is the expansion of simple or multiple regression equations that require a network of variables involving more than one equation.

IV. RESULTS AND DISCUSSION

A. Path Analysis

Path analysis is used to analyze casual relationships between variables where the independent variables influence the dependent variable, either directly or indirectly, through one or more intermediaries. Each existing path is tested to show whether or not there is a direct and indirect influence of the existing research variables, namely, the variable HR quality (X1) and IT utilization

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(X2), SPI (X3) on the quality of Financial Reports (Y1) through Company performance. (Y2). If there is a path that is not significant in a model, then that path will be removed

Table 1. Path Coefficient Value 1

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.576	2.296		1.558	.122
	Quality of HR	.443	.036	.232	9.204	.001
	IT Utilization	.625	.048	.438	13.113	.000
	SPI	1.401	.074	.632	18.864	.000

a. Dependent Variable: Financial Reports

Based on the Model I Regression output in the coefficients table, it can be seen that the significance values of the variables X1, X2, and X3 are all less than 0.05. These results provide conclusions in model I regression, namely that variables X1, X2, and X3 have a significant effect on Y1.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.963a	.928	.925	1.794

a. Predictors: (Constant), SPI, HR Quality, IT Utilization

The value of R² or R Square in the model summary table is 0.928, this shows that the contribution of the influence of X1, X2, and X3 on Y1 is 92.8%. Meanwhile, the value of e1 is $\sqrt{1 - 0,928} = 0.268$.

Table 3. Model II Path Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	Q	Sig.
		B	Std. Error	Beta		
1	(Constant)	.010	1.733		.006	.995
	Quality of HR	.314	.097	.111	2.515	.008
	IT Utilization	-.153	.058	-.117	-2.662	.009
	SPI	.584	.116	.286	5.047	.000
	Financial statements	.735	.073	.799	10.139	.000

a. Dependent Variable: Company Performance

Based on the Model II Regression output in the coefficients table, it can be seen that the significance values of the variables X1, X2, X3, and Y1 are all less than 0.05. These results provide conclusions in model II regression, namely that variables X1, X2, X3, and Y1 have a significant effect on Y2.

Table 4. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976a	.953	.951	1.339

a. Predictors: (Constant), Financial Reports, HR Quality, IT Utilization, SPI

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The value of R2 or R Square in the model summary table is 0.953, this shows that the contribution of the influence of X1, who were not included in the study. Meanwhile, the value of e1 is $\sqrt{1 - 0.953} = 0.216$.

B. Hypothesis testing

Hypothesis testing in this research uses the t test. The t test itself is used to determine whether the independent variable has a partial effect on the dependent variable with a significance level used of 5% or 0.05. If the p-Value result is less than 0.05, it can be said that the independent variable has an effect on the related variable. The following are the results of the hypothesis test:

1. The Influence of Human Resource Quality (X1) on the Quality of Financial Reports (Y1)

Table 5. Coefficient Values and Hypothesis Testing of HR Quality (X1) on Financial Report Quality (Y1)

Dependent variable	Independent variable	Beta	R2	p-value
X1	Y1	0.232	0.925	0.001

Based on Table 4.20, the p-value is $0.001 < 0.05$, so H1 accepted, so it can be said that the IT Utilization variable (X1) has a positive and significant influence on the quality of financial reports (Y1) at BPRs in Probolinggo Regency. IT utilization has an effect (X1) on the quality of financial reports (Y1).

2. The use of IT has an effect (X2) on the quality of financial reports (Y1)

Table 6. Coefficient Values and Hypothesis Testing of IT Utilization (X3) on the Quality of Financial Reports (Y1)

Dependent variable	Independent variable	Beta	R2	p-value
X2	Y1	0.438	0.925	0.000

Based on Table 4.20, the p-value is $0.000 < 0.05$, so H2 accepted, so it can be said that the IT Utilization variable (X2) has a positive and significant influence on the quality of financial reports (Y1) at BPRs in Probolinggo Regency.

3. SPI (X3) Influences the Quality of Financial Reports (Y1)

Table 7. Coefficient Values and SPI Hypothesis Testing (X3) on the Quality of Financial Reports (Y1)

Dependent variable	Independent variable	Beta	R2	p-value
X3	Y1	0.532	0.925	0.000

Based on Table 4.20, the p-value is $0.000 < 0.05$, so H3 accepted, so it can be said that the IT Utilization variable (X2) has a positive and significant influence on the quality of financial reports (Y1) at BPRs in Probolinggo Regency.

4. Quality of Human Resources (X1) Influences Financial Performance (Y2)

Table 8. Path coefficient values and hypothesis testing for human resource quality (X1) on company performance (Y2)

Dependent variable	Independent variable	Beta	R2	p-value
X1	Y2	0.111	0.951	0.008

Based on Table 26, the p-value is $0.008 < 0.05$, so H4 accepted, so it can be said that the HR quality variable (X1) has a positive and significant influence on company performance (Y2) at BPR in Probolinggo Regency.

5. IT Utilization (X2) Influences Company Performance (Y2)

Table 9. Path coefficient values and IT utilization hypothesis testing (X2) on company performance (Y2)

Dependent variable	Independent variable	Beta	R2	p-value
X2	Y2	0.117	0.951	0.009

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Based on Table 4.20, the p-value is $0.009 < 0.05$, so H_5 accepted, so it can be said that the IT utilization variable (X2) has a positive and significant influence on company performance (Y2) at BPR in Probolinggo Regency.

6. SPI (X3) influences company performance (Y2)

Table 10. Path coefficient values and hypothesis testing for internal control system (X3) on company performance (Y2)

Dependent variable	Independent variable	Beta	R2	p-value
X3	Y2	0.286	0.951	0.000

Based on Table 4.20, the p-value is $0.000 < 0.05$, so H_6 accepted, so it can be said that the SPI variable (X3) has a positive and significant influence on the quality of financial reports (Y2) at BPRs in Probolinggo Regency.

7. The Quality of Financial Reports (Y1) Influences Company Performance (Y2)

Table 11. Path coefficient values and hypothesis testing for financial report quality (X3) on company performance (Y2)

Dependent variable	Independent variable	Beta	R2	p-value
Y1	Y2	0.799	0.951	0.000

Based on Table 4.20, the p-value is $0.000 < 0.05$, so H_7 accepted, so it can be said that the Financial Report Quality variable (Y1) has a positive and significant influence on Company Performance (Y2) in BPRs in Probolinggo Regency.

8. Analysis of the influence of X1 through Y1 on Y2 shows that the direct influence that X1 has on Y2 is 0.720. Meanwhile, the indirect effect of X1 through Y1 on Y2 is the multiplication of the beta value of So the total influence that X1 has on Y2 is the direct influence plus the indirect influence, namely $0.720 + 0.185 = 0.905$. Based on the results of these calculations, it is known that the value of the direct influence of X1 on Y2 is 0.720 and the indirect influence is 0.905.
9. Analysis of the influence of X2 through Y1 on Y2 shows that the direct influence that X2 has on Y2 is -0.117. Meanwhile, the indirect influence of X2 on Y2 is the product of the beta value of X2 on Y1 and the beta value of Y1 on Y2, namely: $0.438 \times 0.799 = 0.350$. So the total influence that X2 has on Y2 is the direct influence plus the indirect influence, namely: $-0.117 + 0.350 = 0.233$. Based on the results of these calculations, it is known that the value of the direct influence of X2 on Y2 is -0.117 and the indirect influence is 0.233.
10. Analysis of the influence of X3 through Y1 on Y2 shows that the direct influence that X3 has on Y2 is 0.286. Meanwhile, the indirect influence of X3 through Y1 on Y2 is the multiplication of the beta value of So the total influence that X3 has on Y2 is the direct influence plus the indirect influence, namely $0.286 + 0.799 = 1.085$. Based on the results of these calculations, it is known that the value of the direct influence of X3 on Y2 is 0.286 and the indirect influence is 1.085.

C. Path Analysis Calculations

After the hypothesis test is carried out and all independent variables have a significant effect on the dependent variable, the next step is to test whether there is a direct and indirect influence. Based on the existing path coefficients, the direct, indirect and total effects can be calculated as follows:

1. The influence of the HR Quality variable (X1) on the Quality of Financial Reports (Y1)
 - Direct : $X1 \rightarrow Y1 = 0.232$
 - Indirect : None
 - Total Effect: 0.232 or 23.2%
2. Calculating the influence of the IT utilization variable (X2) on the quality of financial reports (Y1)
 - Direct : $X2 \rightarrow Y1 = 0.438$
 - Indirect : None
 - Total Effect: 0.438 or 43.8%
3. Calculating the effect of the SPI variable (X3) on the quality of financial reports (Y1)
 - Direct : $X3 \rightarrow Y1 = 0.632$
 - Indirect : None
 - Total Effect: 0.632 or 63.2%

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4. Calculating the influence of the HR quality variable (X1) on company performance (Y)
 - Direct : $X1 \rightarrow Y = 0.111$
 - Indirect : None
 - Total Effect: 0.111 or 11.1%
5. Calculating the influence of the IT utilization variable (X2) on company performance (Y)
 - Direct : $X2 \rightarrow Y = 0.117$
 - Indirect : None
 - Total Effect: 0.117 or 11.7%
6. Calculating the influence of the SPI variable (X3) on company performance (Y2)
 - Direct : $X3 \rightarrow Y = 0.286$
 - Indirect : None
 - Total Effect: 0.286 or 26.8%
7. Calculating the influence of financial report quality variables (Y1) on company performance (Y2)
 - Direct : $Y1 \rightarrow Y2 = 0.799$
 - Indirect : None
 - Total Effect: 0.799 or 79.9%
8. Calculating the influence of the HR quality variable (X1) on the quality of financial reports (Y1) through company performance (Y2)
 - Direct : $X1 \rightarrow Y1 = 0.111$
 - Indirect : $X1 \rightarrow Y1 \rightarrow Y2 = (0.232)(0.111) = 0.025$
 - Total Effect: $0.111 + 0.025 = 0.136$ or 13.6%
9. Calculating the influence of the IT utilization variable (X2) on the quality of financial reports (Y1) through company performance (Y2)
 - Direct : $X2 \rightarrow Y1 = 0.117$
 - Indirect : $X2 \rightarrow Y2 \rightarrow Y1 = (0.438)(0.799) = 0.35$
 - Total Effect: $0.117 + 0.35 = 0.467$ or 46.7%
10. Calculating the influence of the SPI variable (X3) on the quality of financial reports (Y) through company performance (Z)
 - Direct : $X3 \rightarrow Y = 0.286$
 - Indirect : $X3 \rightarrow Z \rightarrow Y = (0.632)(0.799) = 0.50$
 - Total Effect: $0.286 + 0.50 = 0.786$ or 78.6%
11. Calculating the residual effect
 - Residual influence of ϵ_1 against Y1
 - $= \sqrt{1 - r^2}$
 - $= \sqrt{1 - 0.187}$
 - $= 0.813$
 - Residual influence of ϵ_2 against Y2
 - $= \sqrt{1 - r^2}$
 - $= \sqrt{1 - 0.951}$
 - $= 0.049$

Based on the results of the path coefficient calculation, it can be seen that the total influence of HR quality (X1) on the quality of financial reports (Y) is 0.111 or 11.1% with details of a direct influence of 0.136 or 13.6% and an indirect influence of 0.02 or 2.5%, while the total influence of IT utilization (X2) on company performance (Y) is 0.286 or 28.6% with details of the direct influence of 0.202 or 20.2% and the indirect influence of 0.084 or 8.4%, the influence the total SPI (X3) on company performance (Y) is 0.195 or 19.5%. The influence of the financial report quality variable (Z) on company performance (Y) is 0.223 or 22.3%. Based on the calculations that have been carried out and from the results obtained, it can be concluded that the quality of human resources (X1), utilization of work IT (X2), and SPI influence company performance (Y) through the quality of financial reports (Z).

D. Discussion of Research Results

1. The Influence of Human Resource Quality on the Quality of BPR Financial Reports in Probolinggo Regency

Based on the results of the path analysis, it is known that the quality of human resources has a positive and significant effect on the quality of BPR financial reports in Probolinggo Regency. This means that the higher the quality of human resources the company has, the higher the quality of the financial reports will be. HR is a reference for producing quality financial reports because

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those who prepare financial reports are those who have mastered Accounting Standards. A good system cannot be separated from the support of sufficient quality human resources, especially the personal quality of human resources, including educational potential, experience and training. Assessment of the competency and quality of human resources in carrying out functions, including accounting, can be seen from the level of responsibility and competency of these resources. The better the quality of human resources a company has, the better the quality of its financial reports will be. Conversely, the worse the quality of human resources a company has, the worse the quality of its financial reports will be. The results of this research support the results of research conducted by Pebriani (2019), Shofa et al. (2022) which states that the quality of human resources influences the quality of financial reports.

2. The Effect of IT Utilization on the Financial Quality of BPRs in Probolinggo Regency

Based on the results of the IT utilization path analysis, it has a positive and significant effect on the quality of BPR financial reports in Probolinggo Regency. This means that the higher the company's use of IT, the higher the quality of the financial reports will be. According to Setyowati et al. (2016), the use of IT will really help speed up the process of managing financial transaction data, presenting financial reports, and can avoid errors in posting documents from books, journals, ledgers, so that they become a complete financial report in accordance with statutory regulations. applies. The better the company's use of IT, the better the quality of its financial reports will be. Conversely, the worse a company's use of IT, the worse the quality of its financial reports will be. The results of this study support the results of research conducted by Shofa et al. (2022) which states that the use of IT affects the quality of financial reports.

3. The Influence of SPI on the Quality of BPR Financial Reports in Probolinggo Regency

Based on the results of the path analysis, it is known that SPI has a positive and significant effect on the quality of BPR financial reports in Probolinggo Regency. This means that the higher the SPI a company has, the higher the quality of its financial reports will be. SPI is a set of procedures and policies to protect the wealth or assets of an organization or institution from misuse, guarantee the availability of accurate accounting information, and ensure that all employees comply with applicable legal/legislative regulations and management policies (Herry, 2017). The five components of internal control are control environment, risk assessment, control activities, information and communication and monitoring (COSO, 2013). The better the company's SPI, the higher the quality of the financial reports, and vice versa, the worse the company's SPI, the worse the quality of the financial reports will be. The results of this research support the results of research conducted by Shofwa et al. (2022) which shows that SPI has a positive and significant effect on the quality of financial reports.

4. The Influence of Human Resource Quality on the Quality of BPR Financial Reports in Probolinggo Regency

Based on the results of the path analysis, it is known that the quality of human resources has a positive and significant effect on the performance of BPR companies in Probolinggo Regency. This means that the higher the quality of the resources the company has, the higher the company's performance will be. HR is a reference for producing good company performance, as stated by Indriasih (2014), who states that HR is the main pillar and driving force for an organization to achieve its vision and mission goals. The results of this study support the results of research conducted by Nur et al. (2020) which states that the quality of human resources has a positive and significant effect on company performance. BPR management in Probolinggo Regency must be able to continue to maintain the company's performance through developing the quality of human resources, for example providing opportunities for employees to take part in training related to job qualifications at the BPR so that they are able to complete each task or job in accordance with the procedures set by the company.

5. The Influence of IT Utilization on the Performance of BPR Companies in Probolinggo Regency

Based on the results of the path analysis, it is known that the use of IT has a positive and significant effect on the performance of BPR companies in Probolinggo Regency. This means that the higher the company's IT utilization, the higher the company's performance will be. Utilization of IT is defined as a technology used to process data including processing, obtaining, compiling, storing, manipulating to produce quality information, namely relevant, accurate and timely information that can be used for personal, business and government purposes and is information strategic in decision making (Husna, 2017). The higher the company's IT utilization, the higher the company's performance, and vice versa, the lower the company's IT utilization, the lower the company's performance will be. The results of this research support the results of research conducted by Amran (2020) which shows that the use of IT has a positive and significant effect on company performance.

6. The Influence of SPI on the Performance of BPR Companies in Probolinggo Regency

Based on the results of the path analysis, it is known that SPI has a positive and significant effect on the performance of BPR companies in Probolinggo Regency. This means that the higher the SPI a company has, the higher the company's performance will be. Internal control is a process that is influenced by human resources and the application of IT systems which are used to help an organization achieve common goals. The better the company's SPI, the higher the company's performance, and vice versa, the

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worse the company's SPI, the worse the company's performance will be. The results of this research support the results of research conducted by Sudana et al. (2022) which shows that SPI has a positive and significant effect on company performance. Improving BPR performance can be achieved through training on the components of good corporate governance for BPR employees, because it can become the basis for control in BPR activities. Apart from that, BPR must also implement internal control effectively and efficiently by establishing an internal control unit to maximize BPR assets in Probolinggo Regency.

7. The Influence of the Quality of BPR Financial Reports on Company Performance in Probolinggo Regency

Based on the results of the path analysis, it is known that company performance has a positive and significant effect on the quality of BPR financial reports in Probolinggo Regency. This means that the higher the company's performance, the higher the quality of the financial reports will be. According to Rudianto (2013: 189), financial performance is the result or achievement that has been achieved by company management in carrying out its function of managing company assets effectively during a certain period. The better the company's performance, the better the quality of the financial reports, and vice versa, the worse the performance, the worse the quality of the financial reports.

8. The Influence of HR Quality on Company Performance Through the Quality of BPR Financial Reports in Probolinggo Regency

Based on the results of path analysis calculations, it is known that the quality of human resources has a positive and significant effect on the performance of BPR companies in Probolinggo Regency through the quality of financial reports. This means that the higher the quality of human resources a company has, the higher the company's performance will be through the quality of financial reports. HR is a reference for producing quality financial reports because those who prepare financial reports are those who have mastered Accounting Standards. A good system cannot be separated from the support of sufficient quality human resources, especially the personal quality of human resources, including educational potential, experience and training. Assessment of the competency and quality of human resources in carrying out functions, including accounting, can be seen from the level of responsibility and competency of these resources.

The quality of financial reporting can be viewed from two points of view. The first view states that the quality of financial reporting is related to the company's overall performance, which is reflected in the profits earned by the company. The second view states that the quality of financial reporting is related to performance in the capital market which is manifested in the form of returns, so that if the relationship between company profits and returns is strong, it shows high financial reporting information (Ayres, 1994 in Fanani, 2009).

9. The Effect of IT Utilization on Company Performance Through the Quality of BPR Financial Reports in Probolinggo Regency

Based on the results of path analysis calculations, it is known that the use of IT has a positive and significant effect on the performance of BPR companies in Probolinggo Regency through the quality of financial reports. This means that the higher the company's use of IT, the higher the company's performance will be through the quality of financial reports. Good quality financial reporting will reduce the risk of imperfect information among users of financial reports or information asymmetry (Copeland and Galai, 1983). The information that owners need is often provided differently or not in accordance with actual conditions. Conditions like this are called asymmetric information or information asymmetry, or can also be called information imperfection. So it can be said that the quality of financial reporting has an influence on the occurrence of information asymmetry. Information asymmetry occurs because managers control superior information compared to other parties (owners or shareholders).

10. The Influence of SPI on Company Performance Through the Quality of BPR Financial Reports in Probolinggo Regency

Based on the results of path analysis calculations, it is known that SPI has a positive and significant effect on the performance of BPR companies in Probolinggo Regency through the quality of financial reports. This means that the higher the SPI a company has, the higher the company's performance will be through the quality of financial reports. To prepare quality financial reports, an internal control system over financial reports is required to prevent various problems that arise as a result of weak supervision and control and to produce reliable information on financial reports. The internal control system includes various management tools aimed at achieving a wide range of goals. These objectives are to ensure compliance with laws and regulations, ensure the reliability of financial reports and financial data, facilitate the efficiency and effectiveness of government operations. Thus, internal control is the basis of good governance and the first line of defense against invalidity of data and information in the preparation of Financial Reports.

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusion

Based on the research results and discussions described in the previous chapter, conclusions can be drawn from this research, including the following.

The Effects of Human Resource Quality, Use of Information Technology and Internal Control Systems on the Quality of Financial Reports through Company Performance (Study of Rural Banks in Probolinggo Regency)

1. The quality of human resources has a significant effect on the quality of financial reports in BPR Probolinggo Regency due to the use of adequate software, as well as the ability of human resources to utilize existing technology and information and the ability of human resources to utilize existing IT to communicate between divisions and between offices.
2. The use of IT has a significant effect on the quality of BPR financial reports in Probolinggo district because there is an understanding of the accounting procedures carried out by the Company, influencing the results of financial reports and all employees complying with the SOPs implemented by the Company.
3. SPI has a significant influence on the quality of BPR financial reports in Probolinggo Regency because of the use of adequate software so that it can speed up the completion of financial preparation reports using special software that is capable of supporting the Company's performance and using information technology networks to be connected both divisionally and openly.
4. The quality of human resources influences the performance of BPR companies in Probolinggo Regency with a p-value of $0.008 < 0.05$
5. The use of IT influences the performance of BPR companies in Probolinggo Regency with a p-value of $0.009 < 0.05$
6. SPI influences the performance of BPR companies in Probolinggo Regency with a p-value of $0.000 < 0.05$
7. The quality of financial reports influences the performance of BPR companies in Probolinggo Regency.
8. The quality of human resources influences the quality of financial reports of BPR companies in Probolinggo Regency through the quality of financial reports.
9. The use of IT influences the quality of BPR financial reports in Probolinggo Regency through company performance.
10. SPI influences the quality of BPR financial reports in Probolinggo Regency through the performance of financial reports.

B. Recommendations

1. The quality of the company's human resources should continue to be improved through various training so that the company's performance can continue to be maintained.
2. IT utilization should continue to be updated so that company performance can continue to be maintained.
3. SPI must be improved so that company performance can continue to be maintained.
4. The quality of the company's human resources should continue to be improved through various training so that the quality of financial reports can continue to be maintained.
5. IT utilization should continue to be updated so that the quality of financial reports can continue to be maintained.
6. SPI must be improved so that the quality of financial reports can continue to be maintained.
7. Company performance should continue to be improved so that the quality of financial reports can continue to be maintained.
8. The quality of human resources must be maintained and used as optimally as possible so that the quality of financial reports remains high through company performance.
9. IT utilization must be maintained and used as optimally as possible so that the quality of financial reports remains high through company performance.
10. SPI must be maintained and used as optimally as possible so that the quality of financial reports remains high through company performance.

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