Moderating Effects of the Implementation Good Corporate Governance on the Competence and the Accounting Instance System on the Quality of Accountability Financial Report's PT Pelayaran Nasional Indonesia (Persero)

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Abstract:- This study aims to determine the perceptions of the competence and accounting system of the institution towards the quality of financial statement accountability with the application of moderate good corporate governance. The population in this study were 160 accounting staff or employees consisting of section heads, senior staff, junior staff, junior officers, and cashiers.The sample selection method used was purposive sampling, in order to obtain 88 samples. Methods of collecting data using questionnaires. The data obtained were analyzed using Moderated Regression Analysis (MRA). The results of this study indicate that (1) competence influences the quality of financial statement accountability, (2) accounting instance systems influence the quality of financial statement accountability, (3) the application of moderating GCG with the direction of strengthening the influence of competencies on the quality of financial statement accountability , and (4) the application of moderating GCG in the direction of strengthening the influence of accounting instance systems on the quality of financial statement accountability.

Keywords:- Competence, Accounting System, Good Corporate Governance, Quality of Accountability of Financial Statements.

I. INTRODUCTION

According to Newell & Wilson (2002) Good corporate governance practices can increase company value, improve financial performance, reduce risks that may be carried out by the board with decisions that only benefit themselves and generally increase investor confidence. The Unitary State of the Republic of Indonesia is known as a country with many islands which certainly requires a lot of transportation such as ships. PT Pelayaran Nasional Indonesia (Persero) is present as one of the state-owned company that is responsible for connecting islands one and the other. PT Pelayaran Nasional Indonesia (Persero), the company operates 26 passenger vessels, 46 pioneer ships, 6 sea toll freighters, and 1 cattle vessel.

In the current era of global competition where national borders are sometimes no longer a barrier to competition, only companies that implement good corporate governance (GCG) are able to win the competition. This is considered important for every company in carrying out its business. With the momentum of the economic crisis that hit Indonesia in 1998, causing many large companies in Indonesia to experience bankruptcy. Many parties such as economic observers, investors, and academics say that the length of the recovery and crisis process is caused by the very weak implementation of good corporate governance implemented by companies in Indonesia.

The application of Good Corporate Governance (GCG) practices at PT PELNI (Persero) refers to a number of laws and regulations No. 40 of 2007 concerning Limited Liability Companies and Decree of the State Minister for State-Owned Enterprises Number: Kep-117/M-MBU/2002 dated 31 July 2002 concerning Implementation of Good Corporate Governance Practices in SOEs. Phenomena such as the achievement of good corporate governance on the assessment of financial statement accountability reports are still at a good level and really need to improve the quality to a very good level. It is also influenced in several assessment factors which include the assessment of achievement of scores on competency indicators and accounting information systems in the company.

II. LITERATURE REVIEW

A. Agency Theory

Analyze the contractual arrangement between two or more individuals, groups or organizations so that PT. PELNI (Agent) can fulfill its responsibilities as one of the budget users of the Ministry of State-Owned Enterprises (Jensen and Meckling, 1976).

B. Goal Setting Theory

The process of factual knowledge (cognitive) can build goals and factors that determine an individual's behavior. Determination of specific goals will encourage improvement in achievement (Locke, 1975).

C. Counterfactual Reasoning

The design of a conditional proposal that connects between causes and consequences. For evaluators, counterfactual thinking is capable of reconstructing events that have occurred before so that consideration and decision making can be free from bias. This concept emphasizes the tendency to evaluate an event by considering alternative events (Kray and Galinsky, 2003).

D. Hypothesis

According to Spencer (1993) in Syarifuddin (2014), competence is a characteristic that underlies a person's personality which causes interrelationship with effective criteria or superior performance in a particular job or situation. Financial statements are products produced by human resources in the field of accounting. So to be able to produce quality financial reports, it requires competent human resources in making financial statements. Seeing the increasing number of studies linking competency to the quality of financial statement accountability, the hypothesis that will be tested in this study:

➢ *H₁: Competence Influences the Quality of Accountability of Financial Statements*

According to Gusfin and Fachruzamman (2013), Institutional Accounting System Implementation has a direction of influence and is significant to the quality of financial statements. Furthermore, Rahman et al. (2012) state that the application of the Institutional Accounting System partially influences the quality of financial statement accountability. Weak accounting systems cause the financial statements produced to be less reliable and relevant for decision making (Madirsomo, 2009)

➢ *H₂: Accounting Instance Systems for Institutions Influence the Quality of Accountability of Financial Statements.*

GCG implementation in the research conducted by Sukmadiansya (2015) has a significant relationship to the quality of financial statement accountability. In addition, GCG implementation in research conducted by Novatiani and Aprilia (2014) shows that the implementation of GCG can improve the quality of financial statement accountability. So researchers assume to produce a quality financial report is certainly supported by its competence in conducting processes to reporting that supports good corporate governance that has been established and will result in higher quality financial statement accountability.

➢ *H₃: GCG Implementation Moderates Competence Against Quality Accountability of Financial Statements.*

The application of GCG in strengthening the Institutional Accounting System in this study can be strengthened by the agency theory expressed Jensen and Meckling (1976) stated that agency relations are a contract between a manager (agent) and an investor (principal). The agency theory encourages the emergence of the concept of Good Corporate Governance (GCG) in the management of

the company's business, where Good Corporate Governance (GCG) is expected to minimize these matters through supervision of the performance of the agents. Good Corporate Governance (GCG) guarantees to shareholders that the funds invested are managed properly and the agents work according to the functions, responsibilities, and interests of the company (Hamdani, 2016). In line with this research conducted by Yusniyar et al. (2016) states that agency accounting systems have an influence on the quality of financial statement accountability. Other research according to Hanifa et al. (2016) regarding the agency accounting system for the quality of financial statements also has a significant and significant effect. Instance System Against the Quality of Accountability of Financial Statements.

III. RESEARCH METHODS

This research is a descriptive study using a correlational, normative and quantitative approach that is used to analyze problems in the form of current facts of a population. This type of research is related to opinions (individuals, groups, or organizations), events and procedures. This study uses a questionnaire. So, this study respondents will fill out questionnaires to see their views on the variables determined in this study. The questionnaire is arranged on a Likert scale that is designed to examine how strongly the subject agrees or disagrees with the statement on a scale of 5 (five) points. Answers are scored using a 5 (five) point Likert scale. Answer choices of scores of research used for each question/statement is a score of 1 (one) to answer strongly disagree (STS), a score of 2 (two) for answers to disagree (TS), a score of 3 (three) to answer doubt- doubt (GM), score 4 (four) for agreeing on answers (S), and score 5 (five) for answers strongly agree (SS) (Sugiyono, 2012). Whereas, the method used is the survey method. This research was included in a descriptive correlational study that explained the independent influence of dependents. The analysis technique uses linear regression which is expressed in a mathematical relationship regarding the influence of Competency and Accounting Systems of Institutions on the Quality of Accountability of Financial Statements which is moderated by the Implementation of Good Corporate Governance (GCG). The unit of analysis in this study is individuals, namely members of the accounting management team at each branch office of PT Pelayaran Nasional Indonesia (Persero), which is spread throughout Indonesia.

The sampling technique in this study was purposive sampling technique that meets the criteria set by the author. So, the criteria set by the researcher are as follows.

➢ Accounting staff National Sailing branches of PT Pelayaran Nasional Indonesia (Persero) with a branch office category class A, B, C, and D throughout Indonesia.
➢ Accounting staff National Sailing branches of PT Pelayaran Nasional Indonesia (Persero) by category Pareto branch or branches with a growth rate

performance.
➢ Having the availability of complete data on the variables of the research conducted.

The operational definitions in this study are as follows.

➢ *Competency Variables*
According to Havesi (2005) indicators of competency, variables are measured by indicators of Knowledge, Skills, Attitudes.

➢ *Accounting Instance System Variables*
According to Delone and Mc Lean (2003) agency accounting system variables measured using indicators namely Accuracy of information, Timeliness of information generated, Completeness of information, Relevance of information.

➢ *Quality Variables Accountability of Financial Statements*
Will be measured with dimensions that are reliable, relevant, understandable, and comparable. Item questions that are expected to be able to describe and represent the company's financial information. The indicator used to measure the quality of the financial statements of PT PELNI (Persero) has adopted the criteria used by PP No. 71 of 2010 and in accordance with GASB (1999) and FASB (2010).

➢ *Variable Implementation of Good Corporate Governance Will be measured by the dimensions of transparency,*
Accountability, accountability, independence, and fairness. The indicators used to measure the implementation of GCG at PT Pelayaran Nasional Indonesia (Persero) refer to the Regulation of the State Minister for State-Owned Enterprises Number: 01/MBU/2011.

The data analysis technique uses validity and reliability data, classic assumption test, hypothesis testing using IBM SPSS Version 21 by using Moderated Regression Analysis (MRA). This regression analysis is done in two stages of testing. The first stage is multiple regression without the moderation variable. The second stage is regression which is done by the interaction between the mo variable and the independent variable.

IV. RESEARCH RESULT

A. Descriptive Statistics
88 questionnaires were successfully distributed, 2 people did not return, while the questionnaire that could be used was 73 or with a rate of return of 82.95%. The characteristics of respondents such as age are predominantly 26-35 years old. Then the dominance of sex is filled by 47 people or 64,38%.

Characteristics of the educational background, of course, dominated employee accounting background as much as 51 or 69, 86%. As for the position class, it was dominated

by junior officers with a percentage of 23,29%. Then with the characteristics of education levels dominated by undergraduate education (S1) with a percentage of 47,95. And finally dominated by employees with tenure over 10 years or with a percentage of 35, 62 %. The template is designed so that author affiliations are not repeated each time for multiple authors of the same affiliation. Please keep your affiliations as succinct as possible (for example, do not differentiate among departments of the same organization). This template was designed for two affiliations.

B. Data Analysis
The collected data will be tested by testing validity and reliability to ensure the quality of the data before further processing. Testing the validity of using Pearson correlation with comparing the r-value and r-table. If the r-value> r table then the data is valid (Ghozali, 2013).

Based on the validity test table shows that the results of testing the validity for all items obtained r-value greater than the r-table. All items that have been tested have an r- value above the r-table is 0, 1914, so it can be concluded that all items statement on the instrument is valid.

Reliability test is used to determine the extent to which the measurement results remain consistent if done twice or more on the same symptoms using the same measuring instrument. A variable is said to be reliable if it has the value of Cronbach's Alpha > 0,60 (Now, 2016).

Based on the reliability test table shows that the value of Cronbach's alpha for all variables is greater than the standard value of alpha coefficient 0,60. This means that the instruments used in this study are reliable.

V. DISCUSSION

A. Regression Analysis Before Integrating with Moderating Variables
The determination coefficient value of R square in the test results above shows the value of 0.623 or 62,3 %. These results indicate that the variable quality of financial statement accountability is influenced by 62.3% by competency variables (X1) and agency accounting systems (X2). The remaining 37,7% is influenced by other variables outside the independent variables examined in this study. In the competency variable, a probability value of 0.001 is obtained. Because the probability value is less than 5% (0.001<0.050), then partially the competency variable (X1) has a significant effect on the variable quality of financial statement accountability (Y). Based on the value of the coefficient (0.299) marked positive, identifying positive effects. This means that the higher the competency (X1), the agency accounting system variables obtained a probability value of 0,000. Because the probability value is less than 5% (0.000 <0.050), then partially the agency accounting system variable (X2) has a significant effect on the variable quality of

financial statement accountability (Y). Based on the value of the coefficient (0.425), it is positive, identifying its positive effect. This means that the higher the accounting system of the agency (X2), the higher the quality of the accountability of the financial statements (Y).

B. Regression Analysis After Interacting with Moderating Variables

The results of the regression analysis for the relationship between competence and the quality of financial statement accountability have a probability value of 0.001 (<0,05). This value indicates that the relationship between competency and the quality of financial statement accountability has a significant effect. The results of the regression analysis for the relationship between agency accounting systems and the quality of financial statement accountability have a probability value of 0,000 (<0,05). This value indicates that the relationship between agency accounting systems and the quality of financial statement accountability has a significant effect. In addition, the coefficient value for the competency variable is 0.425 which indicates that the direction of the relationship between agency accounting systems and the quality of financial statement accountability is positive. The coefficient value that is positive indicates the direction of the relationship. This means that the better the accounting system of the agency owned by the company will result in a higher level of quality of financial statement accountability. Based on the results of this analysis, it can be concluded that the agency's accounting system has a positive effect on the quality of financial statement accountability. The results of the regression analysis for the interaction between competence and the application of GCG have a probability value of 0.042 (<0,05). This value indicates that the implementation of GCG can moderate competencies towards the quality of financial statement accountability. The coefficient for the interaction of the competency variable and the application of GCG is positive at 0.452. The results of the regression analysis for the interaction between agency accounting systems and the application of GCG have a probability value of 0.007 (<0,05). This value indicates that the implementation of GCG can moderate the agency's accounting system for the quality of financial statement accountability. The coefficient for the interaction of agency accounting system variables and the application of GCG is positive at 0.761, which means that the GCG implementation variable strengthens the influence of competencies on the quality of financial statement accountability.

VI. CONCLUSION

Based on the results of testing hypotheses and discussing the influence of agency competencies and accounting systems on the quality of financial statement accountability by moderating GCG, conclusions can be drawn that Competence affects the quality of financial statement accountability. This means that increasing competency will be followed by improving the quality of financial statement accountability; and agency accounting systems influence the quality of financial statement accountability. This means that the increase in the agency's accounting system will be followed by an increase in the quality of financial statement accountability; whereas GCG implementation can moderate the influence of competencies on the quality of financial statement accountability. This means that good GCG implementation will optimize competencies to support the improvement of the quality of financial statement accountability; and GCG Implementation can moderate the influence of commitment to the quality of financial statement accountability. This means that it means that good GCG implementation will optimize the agency's accounting system to support the improvement of the quality of financial statement accountability.

The results of this study can have implications for the company in order to consider the factors which in this study are considered to have an effect on the quality of financial statement accountability. This is important because understanding these factors can be the first step in developing the right strategy in integrating this to improve the quality of financial statement accountability.

This research was carried out due to limitations that could reduce the quality of the results of this study so that it had an impact on the results of the study. The limitations of this study can be seen from several aspects such as the independent variables used in this study are still limited. Not all issues become topic trends related to the quality of financial statement accountability; and the questionnaire distributed was not free from the possibility of bias, because respondents in giving answers were not serious.

Based on the conclusions and limitations that have been stated in this study, then some suggestions that can help further research are Adding other variables that are appropriate to be used to determine the quality of financial statement accountability that has not been included in this study. second, the next researcher paid more attention to the respondents in giving answers to the questionnaire. then Adding several research objects such as the entire BUMN company in the shipping sector in Indonesia.

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APPENDIX

➢ *Validity And Reliability Test Results*

Variable		Item	r-hitung	r-table	Keterangan
	X1.1	K1	0,635	0,1914	Valid
		K2 K3	0,693 0,579	0,1914 0,1914	Valid Valid
Competence (X1)					
	X1.2	K4	0,641	0,1914	Valid
	X1.3	K5	0,586	0,1914	Valid
		K6	0,683	0,1914	Valid
	X2.1	SAI1	0,740	0,1914	Valid
	X2.2	SAI2	0,715	0,1914	Valid
		SAI3	0,642	0,1914	Valid
	X2.3	SAI4	0,828	0,1914	Valid
Accounting Instance System (X2)	X2.4	SAI5	0,677	0,1914	Valid
	X2.5	SAI6 SAI7	0,633 0,648	0,1914 0,1914	Valid
	Y1.1	KPL1	0,613	0,1914	Valid
Quality of Accountability Financial Report's (Y1)		KPL2	0,715	0,1914	Valid
	Y1.2	KPL3	0,583	0,1914	Valid
		KPL4 KPL5	0,565 0,644	0,1914 0,1914	Valid Valid
	Y1.3	KPL6	0,668	0,1914	Valid
		KPL7	0,602	0,1914	Valid
	Y1.4	KPL8	0,654	0,1914	Valid
	Z1.1	GCG1	0,781	0,1914	Valid
		GCG2	0,735	0,1914	Valid
	Z1.2	GCG3	0,736	0,1914	Valid
		GCG4	0,710	0,1914	Valid
Implementation GCG (Z1)		GCG5	0,525	0,1914	Valid
	Z1.3	GCG6	0,451	0,1914	Valid
		GCG7	0, 775	0,1914	Valid
	Z1.4	GCG8	0,706	0,1914	Valid
	Z1.5	GCG9	0,356	0,1914	Valid
		GCG10	0,239	0,1914	Valid

Table 1

Variable	Standar Koefisien Alpha	Cronbach's Alpha	Keterangan
Competence (X1)	0,60	0,685	Reliabel
Accounting Instance System (X2)	0,60	0,818	Reliabel
Implementation GCG (Z1)	0,60	0,786	Reliabel
Quality of Accountability Financial Report's (Y)	0,60	0, 773	Reliabel

Table 2

➢ *Details of Sample*

A.	Amount of branch offices of class A, B, C and D PT PELNI (Persero)	45
B.	Amount of Accounting Staff branch offices of class A PT PELNI (Persero)	25
C.	Amount of Accounting Staff branch offices of class B PT PELNI (Persero)	45

D.	Amount of Accounting Staff branch offices of class C PT PELNI (Persero)	62
E.	Amount of Accounting Staff branch offices of class D PT PELNI (Persero)	28
F.	The total amount population branch offices of class PT PELNI (Persero) (B+C+D+E)	160
G.	Amount of branch offices of class A,B,C,and D PT PELNI (Persero) pareto category	20
H.	Amount of branch offices of class A PT PELNI (Persero) pareto category	25
I.	Amount of branch offices of class B PT PELNI (Persero) pareto category	37
J.	Amount of branch offices of class C PT PELNI (Persero) pareto category	26
K.	Amount of branch offices of class D PT PELNI (Persero) pareto category	-
L	The total amount sample of accounting staff branch offices of class A, B, C, dan D PT PELNI (Persero) pareto category (H+I+J+K)	**88**

Table 3:- Source : Surat Keputusan Direksi PT PELNI (Persero) Nomor 01.08.01.SK.HKO.01.2018 tentang Formasi Unit Kerja dan Jabatan Pada Lingkup Kantor Cabang

➤ *Regression Test Results*
Before Integrated with moderating variables

Variable Independent	Koefisien	Sig.	Keterangan
Konstanta	1,121		
Competence (X1)	0,299	0,001	Signifikan
Accounting Instance System (X2)	0,425	0,000	Signifikan
α = 5% = 0,05			

R square = 0,623

Table 4

➤ *Regression Test Results*
After interaction between moderating variables and independent variables

Variabel Independen	Koefisien	Sig.	Keterangan
Konstanta	23,956		
Competence (X1)	-1,568	0,000	Signifikan
Accounting Instance System (X2)	-3,087	0,015	Signifikan
Implementation GCG (Z)	-5,174	0,000	Signifikan
Interaksi 1 (X1.Z)	0,452	0,042	Signifikan
Interaksi 2 (X2.Z)	0,761	0,007	Signifikan

α = 5% = 0,05

R square = 0,702

Table 5