

Factors Affecting the Quality of Cooperative Financial Statements

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Abstract

Many cooperatives remain unable to prepare financial statements in accordance with applicable accounting standards, raising concerns about the quality and reliability of their financial reporting. This study aims to analyze and examine the influence of key factors—namely human resource capacity, accounting knowledge, and the use of information technology—on the quality of financial statements quality. Employing a descriptive-verification method with a quantitative approach, the research was conducted on 48 respondents comprising cooperative administrators and financial officers. Data were collected through questionnaires and analyzed using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) technique. The results reveal that both human resource capacity and accounting knowledge have a significant positive impact on the quality of financial statements quality. In contrast, the use of information technology was found to have no significant positive effect. These findings suggest that improving the competencies and accounting literacy of cooperative personnel plays a more crucial role than technological adoption alone in enhancing financial reporting quality. The study contributes to the understanding of internal factors that affect financial statement quality in cooperatives and offers insights for policymakers and cooperative stakeholders seeking to strengthen financial management practices.

Keyword: Information Technology, Capacity, Knowledge, Quality.

Introduction

The 1992 Law states that Indonesian cooperatives are economic business entities based on kinship consisting of individuals and cooperative legal entities. Robert Owen (1771-1858), a Scottish citizen, was the first to put forward the idea of cooperatives before it developed in Indonesia. In 1896, R. Aria Wiria Atmaja, a Patih Civil Servant of Purwokerto, brought cooperatives to Indonesia and began to develop (Sitepu & Hasyim, 2018). Cooperatives are an appropriate economic forum to run in Indonesia given the culture of kinship and gotong royong that has long been inherent in society. These values are in line with the principles of cooperatives, which emphasize togetherness and shared prosperity. The non-profit tradition that has been practiced since long ago became one of the inspirations for Article 33 Paragraph 1 of the 1945 Constitution, becoming the foundation for the implementation of cooperatives in Indonesia.

Mohammad Hatta, nicknamed the Father of Cooperatives, gave many thoughts about the growth and development of cooperatives in the history of Indonesian cooperatives. He underlined that cooperatives must be able to meet the needs of their members in addition to being profit-oriented. Hatta proposed the establishment of three types of cooperatives: credit cooperatives, production cooperatives, and consumer cooperatives. Cooperatives, together

with SOEs and BUMS, still continue to grow as a major component of the Indonesian economy and contribute significantly to the country's economic development (Rahmi, 2022).

The quantity and quality of cooperatives in Indonesia is declining due to the deteriorating health of cooperatives. Cooperative reform through sustainable development is needed to overcome this, by increasing the quantity of cooperatives while improving the quality of existing cooperatives. According to Aulia & Hamdani (2019), a solid cooperative financial report is a reliable indicator of quality. Cooperatives must adhere to the standards of openness, transparency, and accountability outlined in the Regulation of the Minister of KUKM of the Republic of Indonesia Number 04/PER/M.KUKM/VII/2012 because they are business entities. The application of accurate and systematic accounting in accordance with applicable standards is a benchmark for the successful application of this principle. To support strategic decision-making for cooperative development, financial statements are prepared and submitted with information about the state, performance, and changes in the financial status of cooperatives.

To help cooperatives prepare transparent, accountable, and compliant financial statements, Teten Masduki's Ministry of Cooperatives and SMEs (Kemenkop UKM) issued Ministry of Cooperatives and SMEs Regulation (Permenkop) No. 2 of 2024 on Cooperative Accounting Policy on January 10, 2024. Head of the Communication and Information Technology Bureau of the Ministry of Cooperatives and SMEs, Budi Mustopo, clarified that many operating cooperatives have not been able to make financial statements in accordance with accounting requirements. Therefore, cooperative administrators find it difficult to disclose accountability to cooperative members at the Annual Members Meeting (RAT). To address the issue of cooperative financial statements, the Ministry of Cooperatives and SMEs proposed a regulation (Shofi Ayudiana, March 6, 2024). Retrieved from <https://www.antaranews.com/berita/3998427/kemenkop-ukm-terbitkan-aturan-atasi-masalah-laporan-keuangan-koperasi>).

The lack of standards and accuracy in their preparation is one of the causes of the low quality of cooperative financial reports, which are very important for financial management and conveying relevant information to internal and external stakeholders (Arismawati et al., 2017). If the financial statements are written honestly, completely, and accurately and are supported by comprehensive and unambiguous information, then the reports are considered high quality. The quality requirements outlined in the relevant financial accounting standards must also be met by the financial statements (Ismunawan & Septyani, 2020). Accounting staff can prepare financial reports better and reduce the possibility of errors by using and utilizing information technology. If technology is utilized optimally, transactions can be made faster and more accurately, significant errors can be minimized, and save time in preparing financial reports. Kusumawardhani & Muanas (2020) found in their research say information technology affects the quality of financial reports.

Human resource capacity is another factor that affects the quality of financial statements. The quality of financial reporting in cooperative business entities is strongly influenced by human resources because they are an important component in every organization. Therefore, it can be said that the professionalism and competence of human resource managers greatly affect the quality of cooperative financial reports (Pangestu & Hastuti, 2021). Human resources who have a strong knowledge of accounting theories and concepts are very important for cooperatives and other organizations. This is important in order to ensure that the financial statements are of high quality (Ismunawan & Septyani, 2020). The knowledge, abilities, and

work attitudes of human resources used in the preparation of financial statements are important components to improve the quality of financial statements. To convey appropriate and useful information for decision making, high-quality reports must be relevant, reliable, comparable, and easy to read (Hitawasana & Dewi, 2023).

A factor that also affects the quality of financial reporting is accounting expertise. Thorough understanding enables the preparation of financial statements according to accounting standards, ensuring that data is understandable, relevant, reliable, and highly comparable. The process of preparing financial statements may be hampered and the final product may be of low quality if the person in charge does not have adequate accounting knowledge (Hitawasana & Dewi, 2023). If someone fully understands how accounting transactions lead to the creation of comprehensive financial statements, then that person is said to have an understanding of accounting. Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) and other relevant standards and principles are the basis for this understanding (Arismawati et al., 2017). Employees' understanding of accounting is very important for collaborative operations, especially to improve the quality of financial statement presentation. The proficiency of its members to effectively and efficiently run and improve the cooperative's finances is critical to its success. In addition, a key component to ensure smooth operations is the ability to appropriately collect financial data in standard-compliant financial statements (Deden Sopandi et al., 2022).

This research is a development of Ismunawan & Septyani (2020) research's which examines the factors that affect the quality of financial reports of savings and loan cooperatives in Boyolali. The author's focus in this study, namely the use of information technology, human resource capacity, and accounting knowledge as independent variables with the target of savings and loan cooperatives in Bandung City in 2024, is a differentiator between the author's research and previous studies. Another difference is from previous results which state that information technology and accounting knowledge have no effect, while the authors assume that information technology improves the quality of financial reports by providing fast and accurate data and reducing fraud or fraud, while accounting knowledge helps produce higher quality reports and minimize errors.

Furthermore, this research is based on previous research conducted by Hitawasana & Dewi (2023) entitled *The Effect of Human Resources Competence, Accounting Understanding, Accounting Information Systems, and Internal Control Systems on the Quality of Cooperative Financial Statements in Buleleng District in 2023*. The independent variable, location, and research period are things that distinguish the author's research from previous research. Where this research focuses on the use of information technology, human resource capacity and accounting knowledge as a variable with the object of savings and loan cooperatives in Bandung City in the 2024 period.

According to Dewi et al., (2022), business and organizational procedures have changed significantly as a result of information technology, and it is now realized how important it is to use accounting information systems that utilize technology to support the achievement of organizational excellence. The quality of the resulting financial statements increases along with the benefits that technology offers to those who use it. Meanwhile Mahayani et al., (2017) stated that information technology can reduce errors in preparing financial reports and improve their quality, this shows that the quality of financial reports increases as the application of

information technology is more efficient. Their research also found that the use of information technology in data processing offers a number of benefits, especially in terms of the accuracy of operational results and predictions. The use of information technology reflects the degree of technology integration in the implementation of accounting tasks, and plays an important role in assisting human resources in processing data, reducing errors, making financial reports more accurate and reliable (Isnayanti & Yuniarta, 2022).

According to Isnayanti & Yuniarta (2022), human is the main asset of an organization, human resources must be managed properly because they are the ones who drive other resources and directly affect the success and welfare of the organization. According to Deden Sopandi et al., (2022), human resource capacity includes education, training, and experience related to the knowledge and skills of preparing financial reports. In addition, this capacity includes the ability to complete financial reports on time, work enthusiasm, and understanding of areas related to financial reports. Reliable human resources can accelerate the preparation of financial statements. Financial reports can be completed on time if the tasks completed are well understood. The earlier the annual financial statements are produced, the better the smooth decision making (Ridzal et al., 2022).

According to Hitawasana & Dewi (2023), a strong understanding of accounting is an important component that needs to be considered when creating and presenting financial statements. This knowledge helps in accurate analysis and compilation of financial data. The process of creating and presenting financial statements can run more smoothly and have fewer errors if a person has a strong understanding of accounting. Meanwhile, the definition of accounting is the ability to identify and understand accounting, according to Wulan Riyadi (2020) in his research. Accounting methods and applications in accordance with relevant laws and regulations must be understood by those who carry out their duties and responsibilities in order to produce quality financial reports. Therefore, knowing accounting is very important to make meaningful improvements to the quality of financial statements (Purwanti & Wasman, 2016). Based on the discussion about, thus the hypothesis were developed for this research namely;

H₁: The use of information technology has a positive effect on the quality of financial reports of savings and loan cooperatives in Bandung City.

H₂: Human resource capacity has a positive effect on the quality of financial reports of savings and loan cooperatives in Bandung City.

H₃: Accounting knowledge has a positive effect on the quality of financial statements of savings and loan cooperatives in Bandung City.

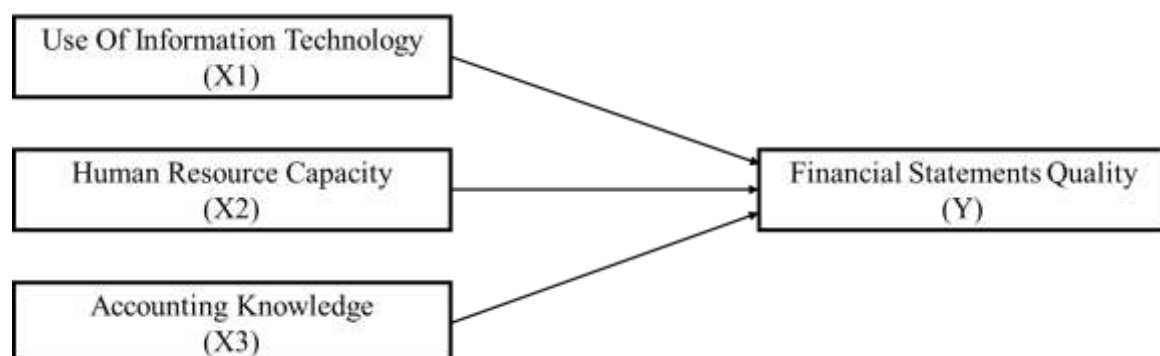


Figure 1. Research Model

Material and Method

Research Design

This study uses a quantitative descriptive verification method to test the quality of savings and loan financial statements quality, human resource capacity, use of information technology, and accounting knowledge. Independent variables (X) and dependent variables (Y) are the variables used in this study. There are three independent variables, namely the use of information technology, human resource capacity, and accounting knowledge, while the dependent variable is the quality of financial statements quality. The use of information technology is measured into three dimensions according to Kurniawan (2020), namely hardware, software and people (brainware). Human resource capacity is measured into three dimensions according to Andrianto et al., (2010), namely education, training and experience. Accounting knowledge is measured into three dimensions according to Lestari & Dewi (2020) and Permenkop no. 2 of 2024 (SAK EMKM), namely understanding basic accounting theory, carrying out accounting processes and being able to analyze financial statements. The quality of cooperative financial reports is measured into 4 dimensions according to Ernawati & Budiyo (2019) namely relevant, reliable, comparable and understandable. Meanwhile, the verification method is used to test in more depth the extent to which the use of information technology, human resource capacity, and accounting knowledge affect the quality of savings and loan financial statements quality.

The population in this study were the management and financial staff at the Bandung City Savings and Loan Cooperative with a total population of 48 respondents. For sample size, this study uses guidelines according to Hair et al., (2017) PLS-SEM analysis requires a minimum sample size that meets (1) 10 times the number of formative indicators used to measure a construct or (2) 10 times the number of structural paths leading to a construct in the structural model. Based on these guidelines, the minimum number of samples in this study amounted to 30 samples obtained from the results of 10 times the number of arrow directions on latent variables; in this case the dependent variable has 3 arrow directions, so $10 \times 3 = 30$ samples. This study uses non-probability sampling techniques by sampling using convenience sampling, chosen because all members of the population are used as samples.

Bandung City savings and loan cooperatives were used as the object of research, to obtain primary data for this study, respondents were interviewed and then given a questionnaire to fill out. The field research approach, which is a primary data collection method that directly involves respondents as research samples, was used by the author to collect data. A questionnaire created using a five-point Likert scale served as the field research approach in this study. Respondents' attitudes, views, and impressions were measured using a Likert scale. SEM-PLS (Structural Equation Modeling - Partial Least Squares) is the data analysis method used in this study.

Instrument and Measures

An overview of the position profile of respondents in this study.

Table 1. Respondent Type

Position		
Chairman	11	23%
Secretary	11	23%
Treasurer	11	23%
Other	15	31%
Total	48	100%

Table 1 shows that the most respondents in this study were with other positions / financial employees as many as 15 (31%) respondents, and the positions of chairman, secretary and treasurer were 11 (23%) respondents each. This shows that the position that participated the most in filling out the questionnaire was other/financial employees.

Descriptive statistics of the variables in this study, which consist of variables of the use of information technology, human resource capacity, accounting knowledge, and financial statements quality based on a Likert scale where for respondents' answers with information always/very competent/very knowledge /very high quality is worth 5, often/competent/knowledge /quality is worth 4, sometimes/quite competent/quite knowledge /quite high quality is worth 3, rarely/incompetent/not knowledge /not high quality is worth 2 and never/very incompetent/very not knowledge /very low quality is worth 1.

Data Analysis

The data collected was then analyze, and the analysis carried out was inferential analysis using Partial Least Square (PLS) software version 3. PLS analysis is divided into two sub-models, namely Inner Model and Outer Model. Model. The Inner Model describes how indicators represent latent factors to be measured, while the Outer Model describes the estimated strength of the constructs used to test validity and reliability.

Four stages of testing are then used to analyze the measurement model (Outer Model): (1) Individual Item Reliability, which measures the correlation strength of each indicator with its construct; (2) Internal Consistency Reliability, which measures the overall reliability model; (3) Cronbach's Alpha, which characterizes the amount of variance or indicator diversity that a latent variable can accommodate; and (4) Discriminant Validity which shows that each construct in the model has a real difference with other constructs. Before proceeding to the structural analysis stage, this test is carried out to ensure that the indicators used in the study have strong validity and reliability.

Inner Model Analysis, to test the relationship between variables in the study. The stages of structural model analysis (Inner Model) are carried out with six stages of testing, Path Coefficient (β), R^2 (Coefficient of Determination), t-test, f^2 (Effect Size), Q^2 (Predictive Relevance), and q^2 (Relative Impact).

Result

Individual Item Reliability testing is intended to see the Standardized Loading Factor, displaying the strength of the relationship between each indicator and its construct, used to assess the reliability of each item. An indicator is said to be valid when the Loading Factor value is more than 0.7 (Hair, Hollingsworth, et al. 2017). However, some researchers state that the Loading Factor value above 0.6 is still considered valid Abdillah et al., (2018).

Table 1. Outer Loading Analysis

	UOIT	HRC	AK	FSQ
UOIT1	0.678			
UOIT2	0.613			
UOIT3	0.355			
UOIT4	0.455			
UOIT5	0.349			
UOIT6	0.940			
UOIT7	0.967			
UOIT8	0.930			
HRC1		0.629		
HRC2		0.873		
HRC3		0.831		
HRC4		0.879		
HRC5		0.928		
HRC6		0.907		
AK1			0.868	
AK10			0.977	
AK11			0.966	
AK12			0.985	
AK13			0.948	
AK2			0.791	
AK3			0.968	
AK4			0.821	
AK5			0.916	
AK6			0.914	
AK7			0.920	
AK8			0.898	
AK9			0.959	
FSQ1				0.891
FSQ10				0.976
FSQ2				0.926
FSQ3				0.955
FSQ4				0.959
FSQ5				0.704
FSQ6				0.893
FSQ7				0.954
FSQ8				0.908
FSQ9				0.913

There are six questions that score below 0.7, namely UOIT1, UOIT2, UOIT3, UOIT4, UOIT5 and HRC1. Of these six items, there are two items that were removed because they did

not meet the requirements, namely UOIT3 and UOIT5. The two items were removed because the value below 0.4 did not meet the requirements (Hair, 2022). While the other four were not deleted because the Composite Reliability value was more than 0.7 then the Loading Factor was above 0.5 so that the item could still be maintained. The value of 0.455 on UOIT4 is still acceptable because if the indicator is theoretically relevant and helps better results (Hair et al., 2017).

Table 2. Final Outer Loading Analysis

	UOIT	HRC	AK	FSQ
UOIT1	0.700			
UOIT2	0.652			
UOIT4	0.526			
UOIT6	0.940			
UOIT7	0.953			
UOIT8	0.917			
HRC1		0.629		
HRC2		0.873		
HRC3		0.831		
HRC4		0.879		
HRC5		0.928		
HRC6		0.907		
AK1			0.868	
AK10			0.977	
AK11			0.966	
AK12			0.985	
AK13			0.948	
AK2			0.791	
AK3			0.968	
AK4			0.821	
AK5			0.916	
AK6			0.914	
AK7			0.920	
AK8			0.898	
AK9			0.959	
FSQ1				0.891
FSQ10				0.976
FSQ2				0.926
FSQ3				0.955
FSQ4				0.959
FSQ5				0.704
FSQ6				0.893
FSQ7				0.954
FSQ8				0.908

FSQ9				0.913
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Internal Consistency Reliability testing in this study the Composite Reliability (CR) value was checked using a threshold of 0.7 for reliability testing.

Table 2. Composite Reliability Analysis

	Composite Reliability
Use of Information Technology	0.910
Human Resource Capacity	0.938
Accounting Knowledge	0.986
Financial Statements Quality	0.980

The amount of variance or indicator diversity that may be contained in a latent variable is expressed by the AVE value. The AVE value must be above 0.5 to provide a good measure of convergent validity.

Table 2. Analisis Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Use of Information Technology	0.637
Human Resource Capacity	0.718
Accounting Knowledge	0.846
Financial Statements Quality	0.829

In Cross Loading analysis, the value of the indicator on its variable must be high compared to the value of the indicator on other variables. However, according to the Fornell-Larcker criterion, the square root value of the AVE of a variable must be higher than the correlation between that variable and other variables in the model. The results of this test will determine whether the construct used has good discriminant validity (Hair, 2019).

Table 2. Cross Loading Analysis

	UOIT	HRC	AK	FSQ
UOIT1	0.700	0.040	-0.042	-0.059
UOIT2	0.652	0.027	0.116	0.018
UOIT4	0.526	0.334	0.227	0.197
UOIT6	0.940	0.204	0.143	0.239
UOIT7	0.953	0.318	0.279	0.359
UOIT8	0.917	0.127	0.090	0.167
HRC1	0.003	0.629	0.455	0.341
HRC2	0.096	0.873	0.623	0.554
HRC3	0.312	0.831	0.655	0.513
HRC4	0.494	0.879	0.690	0.725
HRC5	0.234	0.928	0.819	0.779
HRC6	0.312	0.907	0.830	0.766
AK1	0.233	0.851	0.868	0.822
AK10	0.314	0.832	0.977	0.826
AK11	0.266	0.827	0.966	0.769
AK12	0.286	0.800	0.985	0.819
AK13	0.293	0.873	0.948	0.786

AK2	0.191	0.644	0.791	0.494
AK3	0.287	0.839	0.968	0.766
AK4	0.146	0.691	0.821	0.585
AK5	0.170	0.637	0.916	0.666
AK6	0.102	0.625	0.914	0.606
AK7	0.146	0.601	0.920	0.623
AK8	0.146	0.579	0.898	0.623
AK 9	0.305	0.878	0.959	0.839
FSQ1	0.118	0.617	0.665	0.891
FSQ10	0.285	0.731	0.752	0.976
FSQ2	0.405	0.713	0.769	0.925
FSQ3	0.263	0.702	0.731	0.955
FSQ4	0.298	0.726	0.778	0.959
FSQ5	0.074	0.477	0.522	0.704
FSQ6	0.424	0.671	0.674	0.892
FSQ7	0.268	0.797	0.777	0.954
FSQ8	0.306	0.688	0.702	0.908
FSQ9	0.419	0.712	0.740	0.913

After testing to see the Cross Loading value, the Fornell Lacker's Criterion value was tested. This test is carried out by comparing the square root of the AVE value to the correlation between variables in the model. In order to meet the Fornell-Larcker criteria, the square root of the AVE of a variable must be higher than the correlation between other variables in the model. In other words, the AVE value must be greater than the square of the correlation between constructs (Hair et al., 2017).

Table 2. Fornell Lacker's Cross-Loading Analysis

	UOIT	HRC	AK	FSQ
Use of Information Technology	0.798			
Human Resource Capacity	0.313	0.847		
Accounting Knowledge	0.250	0.821	0.920	
Financial Statements Quality	0.323	0.757	0.786	0.911

The Path Coefficient (β) test was conducted to determine the significance of the relationship between variables. The Path Coefficient (β) value is said to have an effect on the research model with a threshold of 0.1 considered positive.

Table 2. Path Coefficient Analysis (β)

Path	β	Analysis
UOIT -> FSQ	0,099	Positive
HRC -> FSQ	0,310	Positive
AK -> FSQ	0,506	Positive

Furthermore, Coefficient of Determination (R^2) testing is carried out to assess how much the dependent latent variable can be explained by the independent latent variable. The standard for measuring the R^2 value if the value of 0.75 is considered strong, a value of 0.50 to 0.75 is considered moderate, and a value of 0.25 to 0.50 is considered weak (Hair et al., 2014).

Table 2. Coefficient of Determination Analysis

	R Square	R Square Adjusted
Financial Statements Quality	0.664	0.641

The t-test uses bootstrapping (one-sided test, $\alpha = 5\%$) to test the hypothesis. The hypothesis is accepted if $t\text{-count} > 1.65$ and rejected if $t\text{-count} \leq 1.65$ (Hair et al., 2017).

Table 2. T-test analysis

Path	T Statistics	Analysis
UOIT -> FSQ	0.810	Rejected
HRC -> FSQ	1.844	Accepted
AK -> FSQ	3.262	Accepted

Furthermore, the Effect Size (f^2) test was conducted to measure the influence of variables on the research model. The f^2 value is categorized as low (≥ 0.02), moderate (≥ 0.15), and high (≥ 0.35) (Hair et al., 2017) and (Ghozali 2016).

Table 2. Effect Size Analysis

Path	f^2	Analysis
UOIT -> FSQ	0.027	Low
HRC -> FSQ	0.089	Low
AK -> FSQ	0.249	Moderate

After the Effect Size (f^2) test, we continued with the Predictive Relevance (Q^2) test to evaluate the predictive ability of the model. This test is carried out using the blindfolding method, where a variable is considered to have a predictive relationship if the Q^2 value is greater than zero (Hair et al., 2017).

Table 2. Predictive Relevance Analysis (Q^2)

	SSO	SSE	$Q^2 (=1-SSE/SSO)$
Financial Statements Quality	480.000	226.654	0.528

Discussion

Based on the Inner Model test results, the first hypothesis (H1) does not reach the minimum threshold of 1.65 with a t-test value of 0.810. In addition, this hypothesis is rejected because the P-Values value of 0.209 is greater than 0.05. This means that the Use of Information Technology (UOIT) has no significant positive effect on the Quality of Financial Statements Quality (FSQ). The results of this study are the same as previous research conducted by Ernawati & Budiyo, (2019), Ismunawan & Septyani, (2020), and Triwahyudi (2020) who found that the use of information technology has no significant effect on the quality of financial statements. This is because many savings and loan cooperatives have not utilized information technology to the fullest, some cooperatives still use manual systems in transactions and records, and the available facilities are still limited.

Based on the results of the Inner Model analysis t-test, the second hypothesis (H2) has a t-test value of 1.844 which is greater than 1.65 and meets the criteria. Furthermore, the hypothesis is accepted because the P-Values test result of 0.033 shows an increase that is smaller than 0.05. Therefore, it is concluded that Human Resource Capacity (HRC) has a significant positive effect on the Quality of Financial Statements Quality (FSQ). This is due to the ability of good and reliable human resources in savings and loan cooperatives, which can

help produce quality financial reports. Moreover, the understanding and skills possessed by HR accelerate the process of preparing financial reports, because they already understand and understand their duties well, so that financial reports can be prepared accurately, on time, and in accordance with applicable standards. The results of this study are reinforced by previous research conducted by Isnayanti & Yuniarta, (2022), Deden Sopandi et al., (2022) and Ridzal et al., (2022) that Human Resource Capacity has a positive and significant effect on the Quality of Financial Statements.

The third hypothesis (H3) has a t-test value of 3.262 which is qualified because it is more than 1.65, according to the results of the t-test on the Inner Model analysis. This hypothesis can be accepted because the P Values test result of 0.001 also shows a profit smaller than 0.05. So it can be concluded that Accounting Knowledge (AK) has a significant positive effect on the Quality of Financial Statements Quality (FSQ). This shows how important a strong knowledge of accounting principles is to evaluate the data that will be included in the financial statements for analysis. A thorough knowledge will allow the process of preparing financial statements to run without obstacles or errors and the resulting quality financial statements. This is reinforced by previous research by Hitawasana & Dewi, (2023), Wulan Riyadi, (2020) and Purwanti & Wasman, (2016) which state that Accounting Knowledge has a positive and significant effect on the Quality of Financial Statements.

Conclusion, Implication, and Recommendation

Based on the research results, the Use of Information Technology does not have a significant positive effect on the Quality of Financial Statements of Savings and Loan Cooperatives in Bandung City, because there are still cooperatives that use a manual system but are still able to produce good reports. Human Resource Capacity has a significant positive effect, because competent human resources and understanding of their responsibilities support success in preparing financial reports. Accounting Knowledge also has a significant positive effect, because a good knowledge allows proper analysis of information, resulting in quality financial reports without obstacles or errors.

Thus, the author suggests that cooperatives install the internet in each work unit to facilitate work, and for cooperative administrators or managers to provide accounting training to financial staff to improve their knowledge of the applicable accounting system or recruit staff with an accounting education background. In addition, training related to the analysis of the statement of changes in capital/equity is also needed so that the recording of financial statements is in accordance with applicable regulations and can minimize the risk of fraud. Cooperatives are also advised to use accounting applications to simplify the bookkeeping process, improve the quality of financial reports, and facilitate forecasting of financial activities in the next period.

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