

The Effect of Human Resource Competence on the Quality of Village Financial Reports in Malinau Hulu Village

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Abstract

This research aims to analyze the understanding of Malinau Hulu Village officials in preparing village financial reports, focusing on their experience, grasp of regulations, competency challenges, and the contribution of Human Resources (HR) competency to report quality. Using a qualitative method, the study found that the officials' understanding is still varied; the Village Treasurer (Kaur Keuangan) and Village Secretary are relatively better, while other officials have limited knowledge. The main challenges encountered include issues with internal coordination, late reporting, and the completeness of transaction evidence. However, the pretest-posttest results proved a significant improvement in understanding after the village officials underwent training. In conclusion, HR competency contributes significantly to the quality of village financial reports. Therefore, it is recommended that the village implement a capacity-building strategy through routine training, technical assistance, and strengthened internal coordination to achieve financial management that is more transparent, accountable, and effective..

Keywords: *Village financial management, human resource competence, financial report.*

1. Introduction

Equitable and sustainable village development is highly dependent on the ability of village governments to manage finances effectively at the local level. The enactment of Law Number 6 of 2014 on Villages has brought significant changes to the village financial management system, granting villages broader authority to independently regulate and utilize financial resources. This transformation has encouraged increased transparency and accountability in the preparation and implementation of the Village Revenue and Expenditure Budget (APBDes). The findings of Kusumadewi (2020) indicate that the implementation of a village financial accounting system supported by the use of information technology has a positive impact on improving the quality of village financial reports in Majalengka Regency. This is consistent with the findings of Suwarno et al. (2023), who emphasize that the two main factors influencing the quality of village financial reports are the accounting system applied and the level of competence of the implementing human resources. Village financial reports are no longer merely administrative documents but have evolved into essential instruments for demonstrating transparency, accountability, and the integrity of village governments in managing public finances efficiently. Therefore, the quality of village financial reports can be used as a benchmark for the successful implementation of sound and accountable financial management.

In this context, the competence of human resources involved in the preparation of financial reports is a crucial determining factor. Such competence encompasses knowledge, skills, understanding of regulations, and experience in accounting and public administration

(Sekarrini & Devi, 2024). Human resources with a strong understanding of accounting principles, mastery of reporting systems, and the ability to interpret village financial policies are more likely to produce financial reports that are relevant, reliable, and accountable. Conversely, limited human resource competence may lead to errors in financial recording, reporting, and accountability, which can ultimately hinder public transparency and accountability (Suwarno et al., 2023).

However, field conditions indicate that not all villages possess human resources with adequate competence. In Malinau Hulu Village, Malinau Regency, several issues related to limited technical and non-technical capacities of village officials are still evident. Although most village officials belong to the younger generation with a strong motivation to learn, they continue to face challenges in understanding financial regulations, administrative skills, mastery of information technology, and knowledge of accounting. These conditions affect the effectiveness of the financial reporting process and, consequently, the quality of the reports produced. Such issues were also revealed in the compliance audit conducted by the Malinau Regency Inspectorate in 2024, which identified inconsistencies in the implementation of duties and functions of village officials, particularly in the areas of public services and financial reporting. The audit report recommended that the Head of Malinau Hulu Village conduct a comprehensive evaluation and strengthen supervision of village officials' performance.

Based on these findings, there is a clear need to improve the quality of village financial reports by enhancing human resource capabilities. Previous studies have predominantly employed quantitative methods to examine the relationship between human resource competence and the quality of financial reports (Kusumadewi, 2020). However, quantitative approaches have not fully explained in depth how and why human resource competence influences the process of village financial reporting. Therefore, a qualitative approach is necessary to explore the experiences, perspectives, and practices of village officials in preparing financial reports. Through in-depth interviews, observations, and document analysis, this study is expected to provide a more comprehensive understanding of the influence of human resource competence on the quality of village financial reports in Malinau Hulu Village.

This study is grounded in the need to enhance the effectiveness of village financial management in accordance with the principles of good governance. Malinau Hulu Village has considerable development potential; however, this potential can only be realized if supported by village officials who possess adequate competence and professionalism in carrying out their duties. The implementation of appropriate human resource development strategies is expected to improve the performance of village officials in fulfilling their responsibilities, thereby creating a financial management system that is transparent, accountable, and sustainable. Based on these conditions, this study aims to examine the effect of human resource competence on the quality of village financial reports in Malinau Hulu Village.

2. Literature Review

Human Resource Competence

Human resource (HR) competence can be defined as the integration of knowledge, skills, and attitudes that reflect an individual's ability to perform tasks optimally. In the context of village governance, HR competence plays a strategic role in ensuring that village financial management is conducted in accordance with established regulations and the principles of public accountability. Valentinus et al. (2022) argue that the competence of village officials includes the technical, conceptual, and behavioral capabilities required to carry out financial management functions in a professional and transparent manner.

Quality of Village Financial Reports

The quality of financial reports indicates the extent to which such reports meet qualitative characteristics, including relevance, reliability, understandability, and comparability. According to Putri and Agustiawan (2020), high-quality financial reports serve as a key indicator of successful village financial management, as they reflect the transparency and accountability of village governments to the community. Several factors influence the quality of financial reports, such as the effectiveness of internal control systems, the implementation of governmental accounting standards, and the competence of officials involved in the financial management process.

Relationship between Human Resource Competence and the Quality of Village Financial Reports

Human resource competence is closely associated with the quality of village financial reports, as the ability of officials to understand, manage, and report financial information largely determines the accuracy and reliability of the reports produced. Highly competent human resources are better able to perform financial management functions in a more precise, transparent, and responsible manner. Safitri et al. (2023) reveal that enhancing officials' competence through training, mentoring, and technical guidance improves their ability to prepare timely financial reports in compliance with applicable regulations. This competence not only involves technical expertise in accounting but also includes an understanding of regulatory frameworks and the skills required to operate village financial information systems.

Furthermore, numerous previous studies demonstrate that HR competence has a significant influence on the quality of financial reports at both local government and village levels. Officials who understand governmental accounting principles and uphold integrity in financial reporting are more likely to produce credible reports that reflect public accountability (Fristi et al., 2024). Therefore, HR competence constitutes a key factor in ensuring the reliability of village financial reports. Errors in financial recording and reporting are generally attributable to limited technical capabilities and insufficient understanding of financial regulations.

3. Research Methods

This study employed a qualitative research approach aimed at gaining an in-depth understanding of the influence of human resource competence on the quality of village financial reports in Malinau Hulu Village. The qualitative approach was selected to comprehensively capture the perspectives, experiences, and practices of village officials in the processes of financial management and reporting. The research was conducted in Malinau Hulu Village, Malinau Regency, North Kalimantan Province, over a two-month period from September to October 2025. The researcher adopted a participatory role by directly interacting with research participants in order to gain a deeper understanding of the social context and work culture of village officials in preparing financial reports.

Data were collected through three main techniques: (1) pretest–posttest questionnaires to descriptively assess changes in village officials' understanding before and after technical guidance (Bimtek) on village financial management, without statistical testing; (2) in-depth interviews with key informants, including the Village Head, Village Secretary, and relevant section and unit heads involved in financial reporting, to explore their perceptions, experiences, and challenges; and (3) documentation analysis of key financial records such as the Village Revenue and Expenditure Budget (APBDes), Budget Realization Reports, General Cash Books, Accountability Reports, and training-related documents, which were used to verify interview data, assess the quality of financial reporting, and evaluate compliance with applicable financial regulations and reporting standards.

4. Discussion**Interview Findings**

Based on interviews with officials of Malinau Hulu Village, it was found that the level of understanding of village financial management varies among village officials. The Head of Financial Affairs (Kaur Keuangan) and the Village Secretary demonstrated relatively strong understanding, particularly with regard to financial regulations and the technical use of the Siskeudes application. This finding is consistent with Rosiadi et al. (2018), who emphasize that an understanding of regulations constitutes a fundamental human resource competence in financial administrative management. However, other officials, such as the Head of Public Services (Kasi Pelayanan), the Head of Social Welfare (Kasi Kesejahteraan), and the Head of General and Administrative Affairs (Kaur TU & Umum), exhibited limited understanding, resulting in a high level of dependence on the Head of Financial Affairs. This condition indicates the existence of a competence gap which, according to human resource theory, represents a barrier to achieving organizational effectiveness (Rahmawati, 2020).

From a technical perspective, proficiency in operating the Siskeudes application has not been evenly distributed among village officials. Only the Head of Financial Affairs demonstrated full mastery of the system, while other officials were largely limited to general administrative tasks. This finding supports Mardiasmo's (2018) argument that village financial accountability requires transparent and orderly financial recording supported by adequate technological competence. In practice, Malinau Hulu Village continues to face limitations due to the uneven distribution of technical skills among its officials. Furthermore, interview results revealed that coordination among village officials in the preparation of financial reports remains suboptimal. Although the Village Secretary serves as the coordinator, delays in the submission of activity reports by several section heads are still frequently encountered. This finding aligns with Rahmawati (2020), who states that organizational effectiveness is strongly influenced by coordination and communication among work units. Thus, coordination constraints at the village level highlight the need to strengthen managerial aspects in addition to technical competence.

In terms of documentation, the study identified incomplete transaction evidence, particularly for activities managed by section heads. This finding reinforces Mahmudi's (2019) assertion that accountable financial reports must be supported by complete and adequate transaction documentation. Deficiencies in documentation have direct implications for the quality of financial reports, indicating the need for improved administrative discipline at the village level. Finally, nearly all informants reported an improvement in their understanding after participating in technical guidance or mentoring provided by the sub-district authorities. This supports Iqbal et al. (2022), who argue that training is a critical strategy in human resource development to meet job demands. This improvement was also reflected in the pretest–posttest results, which showed increased scores for almost all village officials. Overall, the field findings support the theoretical framework presented in Chapter II, particularly regarding the importance of regulatory understanding, accountability, transparency, coordination, and human resource capacity development. Nevertheless, practices in Malinau Hulu Village continue to exhibit disparities in understanding among village officials, indicating the need for more equitable and continuous training and capacity-building efforts to ensure that all officials can perform optimally in village financial management.

**Figure 1.** Interview with the Village Secretary**Figure 2.** Completion of Questionnaires by Village Officials

Activity Outcomes

The Technical Guidance Program (Bimtek) on the Management of the Village Revenue and Expenditure Budget (APBDes) and Village Financial Management was conducted on Friday, July 25, 2025, in Malinau Kota Sub-district and was attended by officials of Malinau Hulu Village. The program featured Mr. Mujiono, S.T., from the Community Empowerment Expert Team (Tim Ahli Pemberdayaan Masyarakat/TAPM) of Malinau Regency as the resource person. The main topics covered included the preparation of the APBDes, village financial management regulations, and the use of the Siskeudes application. Based on the implementation results, participants demonstrated improved understanding of the regulation-based financial reporting process; the Head of Financial Affairs was able to operate the Siskeudes application effectively; however, other village officials, particularly section heads and non-financial unit heads, still require further assistance in both technical and administrative aspects of village financial management.

Based on the results of interviews, questionnaires, and pretest–posttest assessments conducted with Malinau Hulu Village officials, it can be concluded that human resource (HR) competence has a significant influence on the quality of village financial reports. This influence

is reflected through four main indicators. First, understanding of regulations and guidelines is a critical factor in ensuring orderly financial reporting. The Village Secretary and the Head of Financial Affairs, who possess a strong understanding of regulations, were able to prepare reports systematically, whereas officials with limited regulatory knowledge tended to encounter administrative difficulties. Second, in terms of technical competence, mastery of the Siskeudes application was shown to enhance the accuracy and accountability of financial reports; however, technical limitations among other officials contributed to reporting delays and incomplete documentation. Third, managerial competence, particularly in coordination and administrative discipline, also plays a crucial role. In line with Robbins (2015), weak inter-departmental coordination hampers the overall effectiveness of financial report preparation. Fourth, capacity building through training was found to be effective, as evidenced by increased posttest scores following the Bimtek program, indicating that training positively influences HR competence. Therefore, higher levels of village officials' competence—regulatory, technical, and managerial—are associated with better quality village financial reports, while limited competence may reduce report quality and hinder the achievement of public accountability.

5. Conclusion

This study concludes that the quality of village financial reports is highly dependent on the competence of individuals responsible for financial functions, rather than solely on existing systems or regulations. Enhancing human resource capacity through training and mentoring is therefore an essential strategy for achieving sound village financial governance. These findings underscore the importance of investing in the development of village officials to strengthen accountability and build public trust in transparent and professional village financial management.

6. Suggestion

Based on these findings, village governments are recommended to continuously enhance the competence of their officials through regular training programs, technical guidance, and mentoring in the preparation of financial reports. Such efforts are essential to ensure that all village officials understand applicable accounting standards and regulations, thereby enabling the production of financial reports that adhere to the principles of transparency and accountability. Furthermore, future researchers are encouraged to expand the scope of analysis by incorporating additional variables, such as internal control systems, organizational commitment, or the utilization of information technology. This broader scope is expected to provide a more comprehensive understanding of the factors influencing the quality of village financial reports and to contribute meaningfully to the improvement of village financial reporting systems and governance in the future.

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