International Journal of Economics and Financial Issues

ISSN: 2146-4138

available at http: www.econjournals.com

International Journal of Economics and Financial Issues, 2019, 9(5), 29-37.

Impact of Human Resources Development on Organizational Financial Performance and its Impact on Good Government Governance

Otniel Safkaur[1,2]*, Yohanis Sagrim[3]

[1]Department of Accounting, Universitas Cendrawasih, Indonesia, [2]Students in the Doctoral Program in Accounting Science, Universitas Padjadjaran Bandung, Indonesia, [3]Public High School Teacher 3 Street. Jendral Sudirman No.49 Distrik Monoi Sorong City. *Email: othissafkaur@yahoo.com

Received: 25 June 2019 **Accepted:** 27 August 2019 **DOI:** https://doi.org/10.32479/ijefi.8508

ABSTRACT

The purpose of this study is to determine the effect of Human Resources Development on Financial Performance and Its Implication on Good Government Governance. Accounting is concerned in recording financial reporting to the management of the company as a business entity that is not the owner of the company so that the concept of business unity is the center of accountability and financial statements are central to the company's financial accountability to be good. In Government Accounting Standards (SAP) are standardized and confirmed the existence of Reporting Entities and Accounting Entities, as Reporting Entities is a government unit consisting of one or more accounting entities which according to statutory provisions must submit accountability reports in the form of financial and non-financial reports. Financial reporting is conveyed internally and tiered to higher units in the context of consolidating financial statements by financial reporting entities. Each government unit can be determined as an accounting entity if the unit in question manages the company's financial budget.

Keywords: Human Resources Development, Financial Performance, Good Government Governance
JEL Classifications: G2, O15, O16

1. INTRODUCTION

The role of human resources development is quite large in designing the organization's sustainability performance influenced and influences diverse patterns of interaction within the organization (Dessler, 2013. p. 169). Human resources development is a set of interrelated components that collect, process, store, and distribute information to support decision making and control in an organization (Laudon and Laudon, 2014. p. 15). Human resources development also integrates sub-systems both physically and non-physically which are interconnected (Hertati and Zarkasyi, 2015) and work together harmoniously to achieve a goal that is processing data into useful information (Susanto, 2008. p. 52).

Human resources development is built from a variety of components, including software purchased or specifically built, hardware, and networking (Bassellier et al., 2000). In local governments, human resources development is a determining factor for success in supporting work for cooperation between health providers (Hasselbring, 2000), managing administration, financing and recording processes (Blunt, 1995). In the venture capital industry, human resources development to facilitate management of partnership development (Analoui, 1999). Likewise with insurance companies, connected Human Resources Development between divisions can support faster and more accurate decision making and risk mitigation can also be done earlier when all information is presented in full (Van Beest et al., 2009). Meanwhile in the regional government and regional apparatus, quality human resources development is generated from the integration between sub-systems (Susanto, 2015). Integrating financial reporting processes is a valuable capability that leads to an increase in the value of accounting reporting for related parties (Hertati and Zarkasyi, 2015).

Problems of quality human resources development in non-business entities, namely in government and in the world of education, especially universities. In government, as said by Catacutan (2006.), the Indonesian government has not been able to integrate the assets and wealth of the State, so that it has a negative impact on state revenues and creates a waste of state budget. In line with what Van Beest et al. (2009), that the reporting system of regional government financial management tends to be inefficient both in terms of time and in terms of budget. To support this, it is necessary to create good organizational governance (Kelly, 2001). To create an organization that is able to implement good government governance, one of the pillars of the organization that must be implemented is designing and implementing internal control. Human resources development, especially for financial management organizations, is a medium for bridging the interests of regional governments as those who have resources that are handed over and entrusted to management as a trusted party in regional financial empowerment. Who manage and control resources (Wang et al., 2009). In the management of the organization, the top leadership in a chain delegates its authority to the lower management levels. To ensure that what is directed by the top leadership has been done, management, requires control to provide adequate assurance that the company's goals can be achieved (Katou, 2009).

Human resources development is organizational planning, coordination methods and measures adopted in an operation to maintain assets, test the accuracy and reliability of accounting data, operational efficiency and encourage compliance with the provisions of managerial policies. Thus achieved. Achieved Nunnally, 1978. Human Resources Development can overcome problems related to supervision and reporting in order to create the accountability and transparency expected by the community. With the implementation of Human Resources Development, it is expected to be able to make the application of Good Government Governance in transparent financial management activities that have an impact on public trust. Similar to the results of Gammie and Gammie research, (2009) that to implement Good Government Governance needed development and implementation in shaping Good Government Governance which was sufficiently related to the provision of accurate data. The same thing with the results of research by Gaffikin (2009), that the disclosure of internal control systems is the best practice of implementing good government governance.

It means that the disclosure of a good internal control system will create good government governance. Human resources development is a media that can avoid mistakes that are revealed in the form of policies, methods, procedures, programs and tools in order to achieve the stated goals by monitoring and evaluating whether the information provided is reliable, whether the implementation of operations and activities has been effective and efficient and the compliance of the implementers in carrying out their activities. Adequate internal control, providing assurance that organizational goals can be achieved based on the principle of economics, effectiveness and efficiency. Achievement of organizational goals can be visualized in the form of operating performance, both financial and non-financial performance (Torraco, 1999). This is supported by the results of research Bates and Chen (2004), that there is a direct influence of internal control on the application of the principles of good government governance and direct and indirect influence on organizational performancealton, 1999. Furthermore, Hiro research (2003. p. 1) is research on several non-profit organizations, which link internal control with achieving organizational goals and performance. Developing accounting theories are mostly aimed at organizations that are profit oriented. This does not mean that non-profit organizations, including LAZ, social institutions, government agencies, and people's representative institutions are not required to be managed properly. Non-profit organizations and any organization must be managed based on good organizational governance principles or Good Government Governance.

From the two previous research results, that organizational culture can actually improve company performance through certain media such as competitive advantage, process and system of management or organizational governance (good government governance). Finally, a study conducted by Abu Bakar et al. (2008), shows that there is a strong relationship between organizational culture and the application of good government governance. Also the results of research by Mardjana (2002), that there is a link between organizational culture through its characteristics with Good Government Governance, especially information disclosure.

2. HUMAN RESOURCES DEVELOPMENT

Human resources development is a resource that can provide a real contribution in achieving strategic goals and achieving competitive advantage, this applies when human resources can actively participate in developing and practicing useful human resource computing in the end (McLeod and Schell, 2007. p. 101) Within the company, employees are a resource and as a resource design good work (Griffin, 2011.: 496). Apart from employees, human resources are also managers (McLeod and Schell, 2007. p. 17). As according to Walton (1999. p. 16) that human resources are going well, organizations need competence, where human resource competencies relate to the knowledge, skills and abilities needed to take desired actions (Schwoerer, 2005. p. 22). Thus, an organization (company) needs to determine the level of Human Resources Development needed for various work tasks and translate those needs to levels that require knowledge and skills (Bowens and Abernethy, 2000. p. 161). A good human resources development is knowledge and ability to carry out certain types of activities, where a quality human resources development usually involves a combination of technical expertise and application skills (Yukl, 2010. p. 419). This is in line with what Swanson (1999) says that human resources development is a level of performance that shows effective application of knowledge, skills and management. Meanwhile, Robbins and Judge (2014. p. 11) suggested competency characteristics in the form of motives, traits, self-concept, knowled and skills. Knowledge and skills are more easily developed and measurable, while motives, traits, and self-concepts are more hidden in the individual. Robbins and Judge (2014. p. 11) that ability consists of analytical skills and conceptual abilities.

1. Conceptual skills (conceptual skill) are cognitive abilities to see an organization as a whole system and relationships between its parts, which include thinking, information processing, and manager's planning ability.
2. Interpersonal skills are the ability to work with and through others, and work effectively as team members, where these skills are reflected through the ability to motivate, facilitate, coordinate, lead, communicate and resolve conflicts. McLeod and Schell (2007. p. 104) added that communication skills involve the ability to convey information to one or more people by using oral, written or image communication.
3. Technical skills (technical skill) is the ability to understand and master in carrying out certain tasks, which include mastery of methods, techniques, and equipment used in certain functions such as engineering, manufacturing, or finance.

3. FINANCIAL PERFORMANCE.

According to Neely et al. (1995) financial performance is a process of quantification of various actions taken. The main objective of measuring financial performance is to help companies identify financial performance problems and focus on the effectiveness and efficiency of the company (Yuksel, 2004). Therefore performance measurement can be used to assess the success of the company and also play an important role in the organization's control and planning system (Kennerley and Neely, 2003). According to the literature there are two ways of measuring performance, namely traditional performance measurement and non traditional performance measurement. Traditional performance measurement focuses on financial measures derived from financial statements, such as: Growth, profit, return on investment (ROI), economic value added, and cash flow (Keller, 1997). Because the financial performance of the data is sourced from financial statements, traditional performance measurements are often criticized for presenting past data and not forward-looking so that it is considered less relevant to the current situation. Based on this reasoning, the concept of non-traditional performance measurement was born, one of which was developed by (Salam, 2003), known as performance measurement using the balanced scorecard approach. In measuring performance with a balanced scorecard approach, in addition to using financial measures as well as in traditional performance measurement systems, balanced scorecard performance measurement also uses a non-financial perspective, such as: customer perspective, internal business process perspective, and learning and growth perspective.

This study uses a measure of financial performance to measure the company's financial performance. The measure of financial performance used is profitability, which is defined as the company's ability to generate profits. The reasons for using profitability performance measures are: (1) Profitability is an important measure of financial performance and is often used in research to measure a company's financial performance (Barker and Cagwin, 2004); (2) Profitability can measure the performance of the company as a whole and can measure the level of efficiency in managing assets, liabilities, and company equity (Fraser and Ormiston, 1998); and (3) Shareholders are more likely to use profitability, because the stability of stock prices is very dependent on the level of profits obtained and the receipt of dividends in the future (Agus, 2001). Profitability can be measured using several ratios, including: return on assets (ROA), return on equity (ROE), and profit margin (Gibson et al., 1994). ROA is often referred to as ROI, which is a measure of the effectiveness of overall company management in generating profits with the use of available assets (Gitman, 2003). ROA is calculated by comparing the net income with total assets. This measure is generally accepted as a measure of financial performance in empirical studies (Barker and Cagwin, 2004). In this study ROA was chosen as a measure of the company's financial performance because it has been used extensively in various empirical studies to measure profitability (Cohen et al., 1997). ROE is a measure of a company's ability to generate profits based on a certain amount of share capital. This ratio is a measure of profitability from the perspective of shareholders (Young and Choi, 2011). While profit margin means the extent to which a company's ability to generate net income at a certain level of sales. High margin profit indicates the ability of the company to produce high profits at certain sales levels. Conversely a low profit margin indicates that sales are too low for a certain level of cost, or the cost is too high for a certain level of sales. ROE and profit margin as well as ROA have also been widely recognized as a measure of financial performance in empirical research (Salama, 2003; Cohen et al., 1997).

4. GOOD GOVERNMENT GOVERNANCE

Good government governance is the provisions and procedures that must be considered by the board of directors and directors in decision making. The organization has a handle on how to determine business objectives and strategies to prevent these targets (Clardy, 2008). The division of tasks, rights and obligations above also serves as a guide to evaluating the performance of the board of directors and management of the organization. As for according to Australian stock exchange Blunt (1995). Good government governance is a system used to direct and manage organizational activities. The system has a major influence in determining business goals and efforts to achieve goals. Furthermore, according to the forum for corporate governance in Indonesia the definition of corporate governance is a set.

4.1. Good Government Governance Principles

The application of good government governance for the country or organization requires an identification of the principles of the concept of good governance. The concept of good government governance is a concept that is general and universal in nature but its implementation must be adapted to the conditions of each country or organization concerned. Many parties and institutions have formulated good government governance principles including the Organization for Economic Cooperation and Development (OECD). The OECD creates the principles of good government governance, with the hope that it can be used as a reference material for international authorities, investors, organizations and organizational stakeholders, OECD members and non-members. The expectations of the (OECD, 1999), presenting these international reference materials have brought results. The principles of good governance that are issued cover things:

In order to implement the good government governance there needs to be a principle that is used as a guide in organizational management practices to increase the value and sustainability of the organization (Garavan et al., 1995). The (OECD, 1999: 25) has developed the following principles:

a) Fairness, guarantee the protection of the rights of shareholders, and guarantee commitment with investors.
b) Transparency, requires information that is open, timely, clear and can be considered, concerning the state of finance, management of the organization, and ownership of the organization.
c) Accountability, explains the roles, responsibilities and supports efforts to ensure the balance of management and shareholders' interests, as overseen by the board of commissioners.
d) Accountability, ensuring compliance with applicable rules and regulations as a mirror of compliance with social values.

4.1.1. Accountability (resposibility)

Is the suitability in the management of the organization against applicable laws and regulations and the principles of a healthy organization. According to Susanto (2013. p. 15) the principle of accountability shows that every individual in the organization must be responsible for all of its actions, especially with regard to the roles and responsibilities that have been set. Furthermore, Zarkasyi (2008) accountability includes legal and social responsibility. The definition of legal responsibility is that the organization complies with the laws and regulations. Social responsibility is that organizations have a concern for the community around the organization's environment. The principle of accountability emphasizes a clear system to regulate the mechanism of organizational responsibility to shareholders, stakeholders and to comply with all applicable laws and regulations.

This is to realize the goals to be achieved in good corporate governance, namely to accommodate the interests of the parties related to organizations such as society, government, business associations and so on. Accountability on social aspects requires the organization to have a philosophy that the organization is a public entity that is in the global environment and contributes to the public so that it must provide accountability related to meeting the social obligations of the organization to the community (Mardjana, 2002. p. 31).

4.1.2. Accountability (accountability)

It is the clarity of functions, the implementation and accountability of the general meeting of shareholders, commissioners, supervisory boards, directors and capital owners so that the management of the organization is carried out effectively and efficiently (Grieves, 2003). Mirag and Abdul (2007), defines accountability as a requirement that provides reporting of an organization's activities. Accountability in its implementation must be structured, meaning that every organizational person has direct responsibility for various aspects of the organization (Lepak and Snell, 1999). The term accountability is used to describe the responsibility that who must manage or control organizational resources (Comb et al., 2006). Accountability relates to a system that controls the relationship between existing organs and is needed as a solution to overcome agency problems that arise between shareholders and directors and their control by the commissioner (Lopez et al., 2005).

4.1.3. Fairness

It is fair and equal treatment in fulfilling the rights of stakeholders arising from the agreement and the applicable legislation to ensure that the organization is managed prudently for the interests of stakeholders fairly and avoids the occurrence of harmful corporate practices such as fraud (Horan and Abhichandani, 2006).

The principle of justice emphasizes the guarantee of the protection of the rights of shareholders, including the rights of minority and foreign shareholders and equal treatment of all investors (Holton et al., 2000). Fairness practices include the existence of a legal and regulatory system and enforcement that apply to all parties (Gubbins et al., 2006).

4.1.4. Transparency (transparency)

Is openness in carrying out the decision making process and presents material and relevant information about the organization (Grady, 1965). Transparency is related to the quality of information conveyed by the organization. Investor and consumer trust is highly dependent on the quality of information conveyed by the organization. Therefore organizations are required to provide clear, timely, relevant and comparable information with the same indicators (Macky and Boxall, 2007). Some practices developed in the context of transparency are organizations that are required to disclose important transactions related to the organization, the risks faced and the plans/policies of the organization to be carried out. Transparency is required as a result of asymmetric information.

4.1.5. Independence (independency)

Is a situation where the organization is managed professionally without the help of interests and influence/pressure from parties that do not comply with the applicable laws and regulations and the principles of a healthy organization (Holton et al., 2000). This principle of independence requires commissioners, directors or senior managers to carry out their roles and responsibilities to be free from all forms of conflict and all forms of pressure from other parties, so that the decision can be made solely for the benefit of the organization (Hiro, 2003).

5. THE EFFECT OF HUMAN RESOURCES DEVELOPMENT, FINANCIAL PERFORMANCE

Knowledge of financial managers is a determining factor in the success of accounting records, this is evidenced by the results of research, including: Choe (1996), conducted research on the factors that influence the success of human resources development. From the results of a survey of 78 users of human resources development in 100 companies in Korea, Choe (1996) concluded that personal capabilities (training and education) of users of human resources development had an effect on the success of financial performance (Susanto, 2015). Katou (2009) conducted a study of the factors that influence the success of the application of an information center (IC). From the results of a survey of 151 executives from three organizations, namely manufacturing, tertiary institutions, and financial service companies, Bartlett (2011) found: (1) Quality of staff (competence, training, and knowledge) were the determinants of successful application of IC in organization; and (2) User knowledge about technology and business is a determining factor for the successful implementation of IC in organizations. Then Fitriati and Mulyani (2015) conducted a study of the determinants of the success of financial performance. The meta-analysis of 121 studies on the determinants of financial performance success, published from 1980 to 2004, Zarkasyi. (2008) concluded: (1) There are two groups of constructs that influence the success of financial performance strongly, namely: context-related construct and user-related construct; and (2) In terms of usert-related construct, experience, training, and user attitudes influencing Financial Performance Besides the knowledge of financial managers influences the success of the application of accounting information systems, managers' knowledge also has an impact on the company's financial performance, as found by: Hertati and Zarkasyi (2015) conducted research on external influences on the investment performance of finance companies in the United States. From the results of a survey of 200 finance companies listed at Thompson Financial's VentureXpert Database, Swanson (1995) concluded that the development of internal knowledge and access to external knowledge had an effect on the investment performance of finance companies. Then Al-najjar (2010) conducted a study of the influence of the company's knowledge resources on the company's performance (new venture performance). From the results of a survey of 83 New Venture CEOs in the US, Combs et al. (2006) found: (1) There are three procedural knowledge that must be owned by a new venture company manager, namely knowledge of the industry to enter, knowledge of business, and creating, building, and harvesting new ventures; and (2) The level of knowledge of a new venture manager is very useful in developing a new venture business.

6. FINANCIAL PERFORMANCE OF GOOD GOVERNMENT GOVERNANCE

Hertati and Zarkasyi (2015) researched to see human resources development who are experts in their fields in regional financial management in South Sumatra. The results of the study, namely with transparency and accountancy, financial management by looking at the accounting turned out to be the key to transparency and accountability (good government governance). (Abubakar et al.,2008) This study aims to look at the management of nonprofit organizations. This research divides nonprofit organizations in two groups, namely government and non-government non-profit organizations. The results of the study, namely by comparing the group of nonprofit organizations that management by looking at accounting turns out to be the key to transparency and accountability (good government governance). Mahdavikhou (2010). This research was conducted on several nonprofit organizations, such as hospitals and nursing academies. The results of this study state that, the goals and performance of the benefits will be achieved because of the implementation of sufficient and effective transparency. Spira (1999) research was conducted on 100 companies in the capital market in Turkey (FTSE). The results of the study state that there is an influence between good government governance and sustainability (future company sustainability) Michelon, Keller (1997). In his research carried out an analysis of the disclosure of internal control systems in 160 European companies listed on the London, Paris, Frankurt and Milan stock exchanges, with a 3-year research period, 2003-2005. The results of the study show that disclosure of the internal control system is highly recommended because it is a best practice in the implementation of good governance. This study supports the previous research of Gammie and Gammie (2009) with the hypothesis that there are differences in the mechanisms of the application of corporate governance caused by differences in disclosing internal control systems. Eric (2003) This research was conducted on Islamic banks in Indonesia. The purpose of the study was to see the effect of the implementation of the principles of good corporate governance on consumer trust. Descriptive research method by distributing questionnaires and conducting interviews. The results of this study indicate that there is a strong influence on the application of the principles of Good Government Governance to increasing consumer confidence, especially in Islamic banks in Indonesia. This is because Islamic banks are service businesses that are based on consumer trust, so the company strives to increase consumer trust by applying the principles of Good Government Governance.

Hertati and Zarkasyi (2015) research objectives to see the factors that influence changes in management of accounting records are not in accordance with changes in the financial regulations of Indonesian accountants. The research analysis unit is SKPD in South Sumatra. The results of the study show that there is a connection between the competency of experience in their field and the transparency of accountable records of good governance in order to realize good financial performance of the blood. Khawaja (2011) The purpose of the study was to look at the factors that influence changes in church management in accordance with environmental changes. The research analysis unit is the churches in Jakarta. The results showed that there was a link between church culture (organizational culture) and good governance in order to realize organizational re-code in the church. (Choe, 1996). This study aims to determine how the causes and consequences of the problems that arise in the implementation of internal control in nonprofit organizations in the United States. The results of the study showed that with poor internal control it had an impact on poor reporting on nonprofit organizations. There are also increasing problems in the financial condition of the organization's health, developments and other complex organizational problems. Yermark (1996) the research unit is non-governmental organizations (NGOs) throughout Indonesia. The population of this study is around 10,000 NGOs, and a sample of 1000 NGOs. The purpose of this study is to look at the accountability and transparency of NGOs by linking organizational culture to create a culture of accountability. The results of this study that from the NGOs studied there were around 100 NGOs or 10% of NGOs that were accountable and transparent. Spira (1999) This study aims to look at the factors of implementing good governance in NGOs in Indonesia. Research units are NGOs throughout Indonesia. The results of the study indicate that one of the factors that influence good government governance in NGOs in Indonesia.

Dechow (1994). This study examines how the relationship between human resources development, and the application of good government governance principles and their impact on company performance. The research analysis unit is BUMN in Indonesia with 147 SOEs. The results of the study are there is a direct influence of internal control on the application of the principles of good government governance and indirectly to the performance of the company. Even internal control variables have the greatest influence on the application of the principles of good government governance and company performance. Denis and McConnell (2003) this study aims to link organizational culture (universities) in realizing good governance (information technology [IT] governance). The unit of research analysis is universities in Indonesia. The results of the study show that to be able to implement good government governance with an IT approach a strong organizational culture is needed.

Becker et al. (1998). This research was conducted at private companies listed on the IDX. The research aims to see how conflicts occur between majority shareholders and minority shareholders. The results of the research are to minimize the conflict, good government governance must be applied. As for the factors that support the creation of good government governance, the role of accountants is needed and the formation of an adequate internal control structure is related to the provision of accurate data. The results of the study show a strong correlation between corporate culture and Good Government Governance which is shown to be 60.10%. Feroz, Balatbat et al. (2004) Research aims to look at the interrelationship between accountability of Good Government Governance and organizational performance. The unit of analysis is 26 pharmaceutical companies with a range of analysis for 10 years. The results of the study are there are influences between accountability and organizational performance, especially aspects of company efficiency.

7. MEASUREMENT MODEL

Based on the study of the purpose of testing the hypothesis, the hypothesis is a structural model that describes the causality relationship between exogenous variables and endogenis variables. Hair Jr. et al. (2014). States that to build indicators are precisely the formative combination of indicators. If it is reflective and if a combination. Indicators represent Consequences that reflect or cause constructs. If there are consequences and formative causes. If the assessment of changes in nature, all items will change in the same way (assuming they are both coded), if it is reflective and if not formative. The better quality of management accounting systems are the better quality of management accounting information. In measuring reliability in SEM, a composite reliability measure (measure of composite reliability) and variance extracted measure will be used (size of extract variant). The construct reliability is calculated as follows:

$$CR = \frac{(\sum \text{std.loading})^2}{(\sum \text{std.loading})^2 + \sum e_j}$$

Where std loading (standardized loadings) can be obtained directly from the LISREL-8.7 and ej program output is a measurement error for each indicator or variable observed. Extract variants reflect the total number of variants in the indicators (observed variables) explained by latent variables. Size of extract variant (extracted variant) can be calculated as follows):

$$\text{Variance extracted} = \frac{\sum \text{std. loading}^2}{\sum \text{std. loading}^2 + \sum e_j}$$

Hyphoteses:

H_1: $\gamma_{1.1}$ >0: There are influences of human resources development on financial performance

H_1: γ1.1 >0: There is an influence of human resources development on good government governance.

Based on Table 1 (one) above it can be concluded that all items from the statement instrument regarding the management accounting information quality variable are declared valid for use in the processing and analysis of data, because all the correlation values are greater than the criteria (0.3).

7.1. Test Reliability

Testing the reliability of research instruments carried out internally. According to Hair Jr. et al. (2014). reliability tests were conducted to determine whether the measuring instruments that had been designed in the form of a questionnaire were reliable. Instruments that are reliable or reliable, will produce reliable data too. Reliability testing was carried out using Cronbach's Alpha which measures consistency between items in the questionnaire. The general criteria used are: an instrument that is reliable internally if the Cronbach's Alpha coefficient is >0.60 Hair Jr. et al. (2014). Reliability testing is done using SPSS software ver. 20 for Window. The following is a summary of the calculation results for testing the validity of the research instruments for each variable (Cooper and Schindler, 2006).

From Table 2 above, it appears that each measurement instrument is reliable because the Cronbach's Alpha coefficient of each variable is >0.60, indicating that the three variables can be relied upon to be used as a data collection tool.

The magnitude of the effect of the variable human resources development on financial performance is 0.085 can be interpreted as any decrease in human resources development 1 standard deviation resulting in a decrease in financial performance an average of 0.085 standard deviation assuming other variables are constant (Table 2).

The magnitude of the effect of financial performance on good government governance is 0.086 can be interpreted as any decrease in total quality management 1 standard deviation, financial

Table 1: Structural model parameters

Consequence	Mediator	Couse	Standard estimates	Estimates	Default error	Z value	P value	R^2
HRC	-	FC	0,00	0,060	0,50	1,91	0,085	Sig.
FC	-	GGG	0,00	0,081	0,09	0,76	0,086	Sig.

Source: Primary Data processed 2019

Table 2: Nilai cronbach's alpha

Variabel	Koefisien cronbach's alpha	Criteria	Description
Human resource competence	0,701	0,7	Reliabel
Financial performance	0,893	0,8	Reliabel
Good government governance	0,993	0,9	Reliabel

Source: Primary Data processed 2019

performance will cause a decrease of an average of 0.086 standard deviations assuming other variables are constant.

The observation unit in this study is a state-owned enterprise. This study uses primary data, while the data collection method used is a questionnaire. Validity test is done which is used to determine the feasibility of items in the list of questions to determine the variables and reliability test to measure the reliability of the object being measured. Data analysis was carried out by descriptive and verification analysis. Descriptive analysis is done by balanced categorization using inter quartile ranges (Cooper and Schindler, 2006. p. 467). Verification analysis used to test the hypothesis in this study is to use structural equation modeling (SEM) components or variance based on what is known as partial least square.

8. CONCLUSION

Theoretically, the better the human resources, the lower the financial performance in this study population, namely unit good government governance in the SKPD of papua province. The better the human resources, the better financial performance. The phenomenon of bad financial performance because human resources places people not experts in their fields theoretically the better the competency of human resources that are not in accordance with the financial performance of regional governments. The better the human resources, the better financial performance. The phenomenon of unfavorable human resources in regional finance that is not able to accommodate transparency and accountants well so that it is unable to provide the results of financial reporting that is different and needs.

REFERENCES

Abubakar, N., Ismail, S., Mamat, S. (2008), Ethics of future accounting professionals: Evidence from Malaysia. Journal of Financial Reporting and Accounting, 6(1), 21-33.

Agus, S. (2001), Manajemen Keuangan: Teori dan Aplikasi. 4th ed. Yogyakarta: BPFE.

Al-Najjar, B. (2010), Corporate governance and institutional ownership: Evidence from Jordan. Corporate Governance: The International Journal of Business in Society, 10(2), 176-190.

Analoui, F, editor. (1999), Effective Human Resource Development: A Challenge for Developing Countries. Aldershot, Hants, England: Ashgate.

Balatbat, M.C., Stephen, S.L., Walter, T.S. (2004), Corporate governance, insider ownership and operating performance of the Australian initial public offerings. Journal of Accounting and Finance, 44, 299-328.

Barker, K.J., Cagwin, D. (2004), New Evidence Relating TQM to Financial Performance: An Empirical Study Manufacturing Firms. Working Paper.

Bartlett, K.R. (2001), The relationship between training and organizational commitment: A study in the health care field. Human Resource Development Quarterly, 12, 335-352.

Bassellier, G., Reich, B.H., Benbasat, I. (2000), Information technology competence of business managers: A definition and research model. Journal of Management Information Systems, 17(4), 159-182.

Bates, R., Chen, H.C. (2004), Human resource development value orientations: A construct validation study. Human Resource Development International, 7, 351-370.

Becker, C.L., DeFond, M.L., Jiambalvo, J., Subramanyam, K. (1998), The effect of audit quality on earnings management. Contemporary Accounting Research, 15, 4-24.

Blunt, P. (1995), Cultural relativism, 'good' governance and sustainable human development. Public Administration and Development, 15(1), 1-9.

Bowens, J., Abernethy, M.A. (2000), The concequences of customization on management accounting system design. Accounting Organization and Society, 25(3), 221-241.

Catacutan, R. (2006), A Humanistic Perspective in Teaching Business Ethics in Accountancy, Paper Presented at the 6th Annual Ben-Africa Conference University of Stellenbosch, Capetown, South Africa 26-28. Kenya: Strathmore University Nairobi. p1-6.

Choe, J.M. (1996), The relationship among performance of accounting information system, influence factors, and evolution level of information system. Journal of Management Information System, 12(4), 215-239.

Clardy, A. (2008), The strategic role of human resource development in managing core competencies. Human Resource Development International, 11, 183-197.

Cohen, M.A., Scott, A.F., Konar, S. (1997), Envromental and Financial Performance: Are They Related? Working Paper. Owen Graduate School of Management Vanderbilt University Nashville.

Combs, J., Liu, Y., Hall, S., Kitchen, D. (2006), How much do high-performance work practices matter? A metaanalysis of their effects on organizational performance. Personnel Psychology, 59, 501-528.

Cooper, D.R., Schindler, P.S. (2006), Business Research Methods. 9th ed. New York: Mc Graw Hill.

Dechow, P.M. (1994), Accounting earnings and cash flows as measures of firm performance: The role of accounting accruals. Journal of Accounting and Economics, 18, 3-42.

Denis, D., McConnell, J. (2003), International corporate governance. Journal of Financial and Quantitative Analysis, 38(1), 1-36.

Dessler, G. (2013), Human Resources Management. 12th ed. USA: Prentice Hall.

Eric, N. (2003), The Pattern of Aid Giving. The Impact of Good Governance on Development Assistance. London, New York: Routledge.

Fitriati, A., Mulyani, S. (2015), The influence of leadership style on accounting information system success and its impact on accounting information quality. Research Journal of Finance and Accounting, 6(11), 167-173.

Fraser, L.M., Ormiston, A. (1998), Understanding Financial Statement. 5th ed. USA: Prentice Hall International Inc.

Gaffikin, M. (2009), Commentary education for an accounting profession. Pacific Accounting Review, 21(2), 170-185.

Gammie, E., Gammie, B. (2009), The moral awareness of future accounting and business professionals, the implications of a gender divide. Pacific Accounting Review, 21(1), 48-73.

Garavan, T.N., Costine, P., Heraty, N. (1995), The emergence of strategic human resource development. Journal of European Industrial Training, 19(10), 4-10.

Gibson, J.L., Invancevich, J.M., Donnelly, J.M. (1994), Organization Behavior: Structure and Process. 7th ed. Boston: Homewood, Richard D. Irwin.

Gitman, L.J. (2003), Principles of Managerial Finance. 10th ed. USA: Pearson Education, Inc.

Grady, P. (1965), Inventory of Generally Accepted Accounting Principles for Business Enterprises. New York: University of Mississippi Libraries; 1965.

Grieves, J. (2003), Strategic Human Resource Development. Thousand Oaks, CA: SAGE.

Griffin, R.W. (2011), Management Principles and Practices. 10th ed. South Western: Cengage Learning.

Gubbins, C., Garavan, T.N., Hogan, C., Woodlock, M. (2006), Enhancing the role of the HRD function: The case of a health services organisation. Irish Journal of Management, 2006, 171-206.

Hair, J.F. Jr., Hult, G.T.M., Ringle, C.M., Sarted, M. (2014), A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). Califrnia: Sage Publication, Inc.

Hasselbring,W. (2000), Information Systemin Tegration. Is Anssistant Professor at the Infolab in the Department of Information Management and Computer Science. The Netherlands: Tilburg University.

Hertati, H., Zarkasyi, Z. (2015), Competence of human resources, the benefits of information technology on value of financial reporting in Indonesia. Research Journal of Finance and Accounting, 6(8), 1-10.

Hiro, T. (2003), Manajemen Organisasi Nirlaba (Not For Profit Organization Management). Bandung: Penerbit Perkumpulan Perhimpunan Santo Borromeus.

Holton, E.F., Bates, R.A., Ruona, W.E.A. (2000), Development of a generalized learning transfer system inventory. Human Resource Development Quarterly, 11, 333-360.

Horan, T.A., Abhichandani, T. (2006), Evaluating user satisfaction in an E-government initiative: Resulte of structural equation modeling and focus group discussions. Journal of Information Technology Management, 16, 187-198.

Katou, A.A. (2009), The impact of human resource development on organisational performance: Test of a causal model. Journal of Behavioural and Applied Management, 10, 335-356.

Keller, R.T. (1997), Job involvement and organizational commitment as longitudinal predictors of job performance: A study of scientists and engineers. Journal of Applied Psychology, 82(4), 539-545.

Kelly, D. (2001), Dual Perceptions of HRD: Issues for Policy: SME's, Other Constituencies, and the Contested Definitions of Human Resource Development. Available from: http://www.ro.uow.edu.au/artspapers/26. [Last accessed on 2012 Feb 08].

Kennerly, M., Neely, A. (2003), Measuring performance in changing busnises environment. International Journal of Operation and Production Management, 23(2), 213-230.

Khawaja, S. (2011), Good Governance and Result Based Monitoring. Pakistan: Poorab Academy, Islamabad.

Laudon, K.C., Laudon, J.P. (2014), Management Information Systems Managing the Digital Firm. 13th ed. America: Pearson Prentice Hall.

Lepak, D.P., Snell, S.A. (1999), The human resource architecture: Toward a theory of human resource capital allocation and development. Academy of Management Review, 24, 31-49.

Lopez, S.P., Peon, J.M.M., Ordas, C.J.V. (2005), Human resource practices, organizational learning and business performance. Human Resource Development International, 8, 147-164.

Macky, K., Boxall, P. (2007), The relationship between highperformance work practices and employee attitudes: An investigation of additive and interaction effects. International Journal of Human Resource Management, 18, 537-567.

Mahdavikhou, M. (2010), An Investigation into the Effect of Applying Ethics by Accountants on Preparing Reliable Financial Information, MA Thesis. Hamedan Branch, Iran: Islamic Azad University. p70-110.

Mardjana, I.K. (2002), Corporate Governance dan Privatisasi. The Essence of Good Corporate Governance: Konsep dan Implementasi Perusahaan Publik dan Korporasi Indonesia. Yayasan Pendidikan Pasar Modal dan Sinergy Communication.

McLeod, R., Schell, G.P. (2007), Management Information System. 10th ed. Upper Saddle River, New Jersey: Pearson/Prentice Hall.

Mirag, A.Q., Abdul, H.A. (2007), Corporate Governance in the Banking Sector and the Financial and their Role in Establishing the Rules of Transparency. Scientific Symposium of the Accounting Department, the Saudi Capital Market Look Independent. Saudi Arabia: King Khalid University. p12-14.

Neely, A., Gregory, M.J., Platts, K.W. (1995), Performance measurement system design a literature review and research Agenda. International Journal of Operation and Production Management, 14(3), 140-152.

Nunnally, J.C. (1978), Psychometric Theory. 2nd ed. New York: McGraw-Hill. p153.

OECD. (1999), Business Sector Advisory Group on Corporate Governance. Paris: OECD.

Paradise, A., Patel, L. (2009), State of the Industry Report. Alexandria, VA: American Society for Training and Development.

Robbins, S., Judge, T.A. (2014), Essensial of Organizational Behaviour. 12th ed. USA: Pearson Education.

Salama, A.I. (2003), A Median Regression Analysis of the Relationship between Environmental Reputation and Corporate financial performance: Empirical Evidence on UK Firms. New York: A Paper Presented at the rRensselaer Polytechnic Institute Confrerence.

Schwoerer, C.E., May, D.R., Hollensbe, E.C., Mencl, J. (2005), General and specific selfefficacy in the context of a training intervention to enhance performance expectancy. Human Resource Development Quarterly, 16, 111-129.

Spira, L.F. (1999), Ceremonies of governance: Perspectives on the role of the audit committee. Journal of Management and Governance, 3, 231-260.

Susanto, A. (2008), Sistem Informasi Akuntansi, Struktur-Pengendalian-Resiko Pengembangan. Bandung: Lingga Jaya.

Susanto, A. (2013), Accounting Information Systems, Development Risk-Control-Structure. Bandung: Lingga Jaya.

Susanto, A. (2015), What factors influence the quality of accounting information? International Journal of Business and Economics Research, 2015, 3395-4014.

Swanson, R.A (1999), HRD theory; real or imagines. Human Resources Development International, 2(1), 2-5.

Swanson, R.A. (1995), Human resource development: Performance is the key. Human Resource Development Quarterly, 6(2), 207-313.

Torraco, R.J. (1999), Advancing our understanding of performance improvement. In: Torraco, R.J., editor. Performance Improvement Theory and Practice. Baton Rouge, LA: Academy of Human

Resource Development.
Van Beest, F., Braam, G., Boelens, S. (2009), Quality of Financial Reporting: Measuring Qualitative Characteristics. Netherland: Nijmegen Center for Economics NiCE Working Paper.
Walton, J. (1999), Strategic Human Resources Development. Harlow: Financial Times/Prentice-Hall.
Wang, J., Hutchins, H.M., Garavan, T.N. (2009), Exploring the strategic role of human resource development in organizational crisis management. Human Resource Development Review, 8(1), 22-53. Available from: http://www.hrd.sagepub.com/cgi/content/abstract/8/1/22.
Yermark, D. (1996), Higher market valuation of a company with a small board of directors. Journal of Financial Economics, 40, 185-211.
Young, S.S., Choi, J. (2011), The Effects of Human Resource Development on Operational and Financial Performance of Manufacturing Companies: A Large-Scale, Longitudinal Analysis. Institute for Research on Labour and Employment: IRLE Working Papers.
Yukl, G. (2010), Leadership in Organization. New Jersey: Pearson Pretice Hall.
Yuksel, H. (2004), An Empirical Evaluation of Problem in Performance Measurement System of Big Sized Firms in Turkey. Working Paper. Second World Conference on POM and 15th Annual POM Conference. Caucun Mexico April 30-May 3.
Zarkasyi, W. (2008), Good Corporate Governance in Manufacturing, Banking and Other Financial Services Business Entities. Bandung: Alfabeta.