Quest Journals
Journal of Research in Humanities and Social Science
Volume 11 ~ Issue 8 (2023) pp: 42-54
ISSN(Online):2321-9467
www.questjournals.org

Research Paper

The Effect of Financial Statement Presentation and Financial Supervision on the Financial Performance of Regional Finance and Assets

Wa Ode Helda
Mursalim Nohong
Nur Dwiana Sari Saudi
Economic and Business Faculty, Hasanuddin University

ABSTRACT
This study investigated the effect of financial statement presentation and financial supervision on the quality of local financial performance in Taliabu Island Regency. A quantitative research design was used, with 47 ASN and TKD employees as samples. The data were collected through questionnaires and analyzed using multiple linear regression analysis with SPSS. The results showed that financial statement presentation and financial supervision have a significant positive effect on the quality of financial performance of the Regional Financial and Assets Agency of Taliabu Island Regency.
Keywords: *Financial Statement Presentation, Financial Supervision, Financial Performance.*

*Received 01 August, 2023; Revised 09 August, 2023; Accepted 11 August, 2023 © The author(s) 2023. Published with open access at **www.questjournals.org***

I. INTRODUCTION

The advancement of technology, new discoveries, and open economies have led to a complex and interconnected web of interests. This has made it increasingly difficult for the private sector to regulate the economy on its own. As a result, governments are playing an increasingly important role in managing the economy. Governments are tasked with regulating and managing the interests of the nation and state. They also have the responsibility to provide public welfare and services to the community. Local government financial reports play an important role in ensuring accountability and transparency. They provide information about government activities and expenditures, which can be used by citizens to hold their government accountable.

Government Regulation Number 71 of 2010 defines financial statements as structured reports that provide information about the financial position, budget realization, excess budget balance, cash flow, results of operations, and changes in equity of a reporting entity. These statements are a form of accountability for state and regional financial management. The general purpose of financial statements is to provide information that is useful for users in making and evaluating decisions regarding resource allocation. This information can be used by a variety of stakeholders, including citizens, investors, creditors, and government officials. Siti Aliyah and Aida Nahar (2012) found that financial statements are an important tool for accountability and transparency. They also found that financial statements can be used to improve resource allocation decisions.

Local governments are responsible for providing government services, developing their communities, and managing their finances. They are required to report their financial performance to ensure accountability. The assessment of local government financial performance is different from the assessment of corporate financial performance. Local governments do not have the objective of maximizing profits, but they are still evaluated on their ability to generate revenues, manage expenditures, and maintain a sound financial position. Other factors that are considered in assessing local government financial performance include human resources and macroeconomic conditions.

Regional financial management is a comprehensive process that includes planning, budgeting, implementation, reporting, accountability, and supervision of regional finances. Regional finances are all the rights and obligations of a region that can be valued in money, as well as all forms of wealth that can be used as regional property. Regional finances are regulated by government regulations, ministerial regulations, and the Law on the State Revenue and Expenditure Budget. The income and expenditure budgets of each region are systematically and managed in accordance with the law.

Apart from the presentation of financial statements, financial supervision can also affect financial performance. Supervision is an important management function that helps ensure that activities are carried out in accordance with the plan. The implementation of regional financial supervision can help to ensure that government agencies are managing their finances properly. This can help to improve the performance of local governments by ensuring that they are able to achieve their goals and objectives.

Financial supervision is a process of monitoring and evaluating the performance of government agencies in managing their finances. It involves assessing the adequacy of financial policies and procedures, the accuracy of financial reporting, and the effectiveness of financial controls. Financial supervision can be carried out by internal auditors, external auditors, or government regulators.

The implementation of regional financial supervision can help to improve the performance of local governments in a number of ways. First, it can help to ensure that government agencies are complying with financial regulations. Second, it can help to identify and correct financial problems early on. Third, it can help to improve the efficiency and effectiveness of financial management.

A study by Purnama (2016) found that financial supervision has a positive effect on the financial performance of local governments. The study found that local governments with more effective financial supervision were more likely to achieve their financial goals and objectives.

The performance of the Pulau Taliabu government in terms of financial performance can be seen from the realization of the budget. The 2020 regional budget realization report on the financing allocation item obtained an efficiency ratio of 6.56%, which indicates that the budget is very efficient. This means that the government has maximized its performance in the financial sector by efficiently managing its revenues and expenditures on financing items.

The 2020 Regional Budget Realization Report also showed that the regional revenue budget from grant income obtained an effectiveness ratio of 99.69%, which indicates that the budget is effective. This means that the government has been effective in managing its revenues from grant income.

The efficiency and effectiveness of the government's financial management are important factors in determining the overall performance of the government. The government's ability to efficiently manage its revenues and expenditures will allow it to provide essential services to its citizens and achieve its development goals.

Research observations have shown that one of the weaknesses of local governments is their performance in managing and accounting for their financial performance. This is an important issue, as it affects the accountability of public institutions at both the central and regional levels.

Accountability is the obligation of an individual or organization to report to a higher authority and to be answerable for their actions. In the context of public institutions, accountability means that these institutions are responsible to the public for their use of public funds. Financial performance is a measure of how well a public institution is managing its finances. It is important because it provides information about the institution's ability to provide essential services to the public and to achieve its development goals.

The Regional Finance and Assets Agency (BKAD) of Taliabu Island Regency is an interesting case study, as its financial performance reflects its work performance. The agency has been able to achieve a high level of financial performance, which is evident in its efficiency and effectiveness in managing its finances. This has allowed the agency to provide essential services to the public and to achieve its development goals.

The BKAD's success is due to a number of factors, including its strong leadership, its commitment to transparency and accountability, and its use of modern financial management techniques. The agency's experience provides valuable lessons for other local governments that are seeking to improve their financial performance.

II. LITERATURE REVIEW

2.1. Agency Theory

Jense and Meckling (1976, in Hehanussa, 2015) defines that agency relationships are contracts in which one party (the principal) delegates decision-making authority to another party (the agent). In the context of financial statements, the principal is the stakeholder, and the agent is the management of the organization. Problems related to the quality of financial statements often arise from a conflict of interest between the interests of management and the interests of stakeholders. Management may have incentives to withhold or distort information in financial statements in order to maximize their own welfare, even if this harms the interests of stakeholders. For example, management may be tempted to overstate profits in order to receive bonuses or to attract investors. They may also be tempted to understate liabilities in order to make the organization appear more financially sound. These actions can have a negative impact on stakeholders, such as employees, investors, creditors, and society as a whole. Employees may be laid off, investors may lose money, creditors may not be repaid, and society may be deprived of essential services. There are a number of ways to mitigate the risks associated with agency relationships. One way is to require management to disclose more information about the organization's financial performance. Another way is to empower stakeholders to hold management accountable for their actions.

2.2. Signalling Theory

Signalling theory is a development of agency theory that explains how management communicates information to stakeholders. This theory is based on the idea that there is an asymmetry of information between management and stakeholders, meaning that management has more information about the company's financial performance than stakeholders do. In order to reduce this asymmetry of information, management can signal its intentions to stakeholders by disclosing information through financial statements. This information can be used by stakeholders to make decisions about the company, such as whether or not to invest in the company. The amount of information that management discloses can vary depending on the circumstances. Sartono (2002) also said that if the difference in information between management and stakeholders is small, then management may not need to disclose much information. However, if the difference in information is large, then management may need to disclose more information in order to reduce the asymmetry of information. Signalling theory has been used to explain a variety of corporate financial decisions, such as dividend policy, capital structure, and investment decisions. The theory has also been used to explain how management communicates information to stakeholders during times of financial distress.

2.3. Financial Statement

Financial statements of public sector organizations are an important tool for ensuring accountability. The increasing demands for public accountability have implications for public sector management, as they require public sector organizations to provide information to the public. This information can be used by the public to hold public sector organizations accountable for their actions. One of the most important pieces of information that public sector organizations can provide is their financial statements. Financial statements provide information about the organization's financial performance, such as its revenues, expenses, and assets. This information can be used by the public to assess the organization's efficiency and effectiveness, and to hold the organization accountable for its use of public funds. The increasing demands for public accountability have led to a number of reforms in the public sector, including the introduction of new accounting standards and the establishment of independent audit bodies. These reforms have helped to improve the quality of financial reporting in the public sector, and have made it easier for the public to hold public sector organizations accountable. Mardiasmo (2002) argues that financial statements are an important tool for ensuring accountability in the public sector. He states that financial statements can be used to assess the organization's efficiency and effectiveness, and to hold the organization accountable for its use of public funds.

2.4. Financial Supervision

According to Minister of Home Affairs Regulation No. 51 of 2010, regional financial supervision is a process of activities aimed at ensuring that local governments run effectively and efficiently in accordance with the plans and provisions of laws and regulations. The goal of supervision is to prevent possible deviations or deviations from the objectives to be achieved. Through supervision, it is hoped that it can help implement the policies that have been set to achieve the planned goals effectively and efficiently.

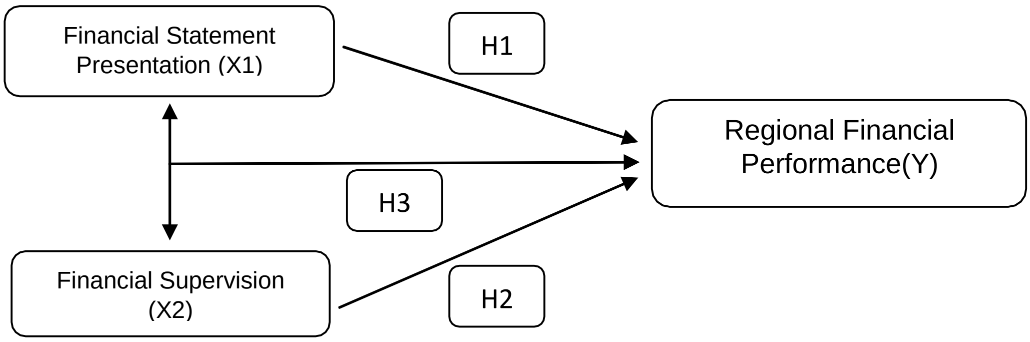
2.5. Financial Performance

Regional government financial performance is the level of achievement of a work in the area of regional finance, which includes the budget and budget realization using financial indicators determined through a policy or statutory provision during the budget period. Public sector organizations, such as the government, aim to provide public services to the community as well as possible. These services are provided to the community, who are one of the stakeholders of public sector organizations. Therefore, regional governments are obliged to submit an accountability report to the Regional People's Representative Assembly (DPRD) as the people's representative in the government.

With this assumption, it can be said that local governments need a performance measurement system that aims to help public managers assess the achievement of a strategy through financial and non-financial measurement tools.

III. CONCEPTUAL FRAMEWORK

3.1. Conceptual Framework



3.2. Hypothesis

3.2.1. The Effect of Financial Statement Presentation on Financial Performance of Regional Financial and Assets Agency in Taliabu Island Regency.

H1: The presentation of financial statements can have an impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency

3.2.2. The Effect of Financial Supervision on Financial Performance of Regional Financial and Assets Agency in Taliabu Island Regency.

H2: The financial performance of the Regional Financial and Asset Agency in Taliabu Island Regency may be affected by financial supervision.

3.2.3. Financial Statements Presentation and Financial Supervision Effect on the Financial Performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

H3: The presentation of financial statements and financial supervision can simultaneously affect the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

IV. RESEARCH METHOD

4.1. Research Design

The research design used in this study is an associative research design with a quantitative approach. The research testing uses hypothesis testing to examine the relationship between the dependent and independent variables. The research setting is conducted in a natural (non-contrived) setting through field research using a survey of respondents. Data is only collected once during the study, which is a cross-sectional time horizon.

4.2. Research Time and Location

The research was conducted in Taliabu Island Regency for two months, with the Regional Finance and Assets Agency (BKAD) office as the primary research site.

4.3. Population and Sample

The population of this study consisted of all State Civil Apparatus (ASN) employees and Regional Contract Workers (TKD) who were active at the Regional Finance and Assets Office in North Toraja. The population was 26 ASN employees and 21 TKD employees. The sample was all of the population, or 47 ASN and TKD employees. This was because the population of this study was not more than 100, so the entire population was used as respondents.

4.4. Data Types and Sources

1. Data Types

The data used in this study is quantitative data, which is numerical data that can be analyzed using statistical methods. The data was collected from the respondents' answers to the questions in the questionnaire.

2. Data Sources

a. Primary Data

Primary data is data that is collected directly from the source, without any intermediary. In this study, the primary data was collected by using a questionnaire that was distributed to respondents at the research location.

b. Secondary Data

Secondary data is data that is collected indirectly, through an intermediary. In this study, the secondary data was collected by using the library research method and accessing websites.

4.5. Data Gathering Method

1. Field Research

Field research is a research method that is conducted directly at the research location with the aim of obtaining primary data. Primary data is data that is obtained directly from the source, without any intermediary. The data is collected through three main methods: observation, interview, and questionnaire.

A. Observation is a data collection technique that involves observing the object of study directly.

B. Interview is a data collection technique that involves asking questions orally to research subjects related to the problem under study.

C. Questionnaire is a data collection technique that involves making a list of questions related to the object under study, which is then given to respondents who are directly related to the object under study.

2. Literature Research

A literature study is a data collection technique that involves collecting secondary data from books, journals, and other documents. The data is used to obtain a theoretical basis for solving the problem under study. The data from the literature is also useful as a consideration for data obtained from research.

3. Internet Research

Web research is a data collection technique that involves collecting data from websites by utilizing the internet network. The data is collected from websites that are related to the various information needed in the research under study. In this study, the data used is primary data, which is collected using a questionnaire.

4.6. Operational Variable Definition

The presentation of financial statements (X1) is a public right that must be granted by both central and local governments. This right arises from the concept of public accountability, which means that organizations have a responsibility to provide financial reports to the public as evidence of their accountability and management. Mardiasmo (2012) argues that the public's right to financial information is based on the idea that organizations have a responsibility to be accountable to the community they serve. This means that organizations should provide financial reports that are transparent and easy to understand, so that the public can hold them accountable for their actions.

Financial supervision (X2) is a management function that is essential for the proper implementation of government activities. It can help to ensure that government agencies are managing their finances effectively and correctly. By supervising financial activities, governments can help to ensure that their plans are implemented successfully and that they are in compliance with the law. Purnama (2016) argues that financial supervision can help to improve the performance of local governments. By ensuring that finances are managed effectively, governments can free up resources to invest in other areas, such as education and healthcare. This can lead to improved services for citizens and a more prosperous economy.

Local government financial performance (Y) is the ability of a region to generate and manage its own financial resources to meet its needs, such as supporting the government system, providing services to the community, and developing the region. This can be done without being fully dependent on the central government and with the flexibility to use funds for the benefit of the local community, within the limits set by laws and regulations. Rondonuwu (2016) defines local government financial performance as the ability of a region to generate and manage its own financial resources. This definition highlights the importance of financial independence for local governments, as it allows them to be more responsive to the needs of their citizens.

4.7. Research Instrument

The scale used in this questionnaire is a Likert scale. This scale is a psychometric scale commonly used in questionnaires to measure the respondents' attitudes, beliefs, and opinions. The scale consists of a series of statements, and respondents are asked to indicate their level of agreement with each statement using a five-point scale, ranging from "strongly agree" to "strongly disagree". **Strongly Agree** with 5 points, **Agree** with 4 points, **Somewhat Disagree** with 3 points, **Disagree** with 2 points, and **Strongly Disagree** with 1 point.

The Likert scale is an ordinal scale, which means that the numbers assigned to the different levels of agreement do not have any intrinsic meaning. However, the scale can be used to calculate the correlation coefficient or total score, which can be used to measure the strength of the relationship between the respondents' answers and the variables being measured.

V. RESEARCH RESULTS

5.1. Validity and Reliability Test

5.1.1. Validity Test

Validity is the extent to which a test or measure actually measures what it is supposed to measure. In the product moment method, validity analysis is carried out on all instrument variables using the statistical software SPSS 21

IMB. Sugiyono (2016) provides the following criteria for decision making:

- If the correlation coefficient (rcount) is greater than the critical value (rtable = 0.291), then the statement is valid.
- If the rcount is less than the rtable, then the statement is invalid.

Siregar (2012) defines validity as the extent to which a test or measure actually measures what it is supposed to measure. This means that a valid test or measure will produce results that are consistent with the construct that it is supposed to measure.

Table 5.1 Validity Test Results

Variable	Question Item	*rcount*	*rtable*	Information
Financial Statement Presentation (X1)	1	0.755	0.291	Valid
	2	0.720	0.291	Valid
	3	0.717	0.291	Valid
	4	0.501	0.291	Valid
	5	0.555	0.291	Valid
	6	0.432	0.291	Valid
	7	0.521	0.291	Valid
	8	0.797	0.291	Valid
	9	0.569	0.291	Valid
	10	0.784	0.291	Valid
	11	0.532	0.291	Valid
	12	0.777	0.291	Valid
Financial Supervision (X2)	1	0.639	0.291	Valid
	2	0.567	0.291	Valid
	3	0.790	0.291	Valid
	4	0.794	0.291	Valid
	5	0.737	0.291	Valid
	6	0.389	0.291	Valid
	7	0.631	0.291	Valid
	8	0.685	0.291	Valid
	9	0.626	0.291	Valid
	10	0.590	0.291	Valid
Financial Performance (Y)	1	0.701	0.291	Valid
	2	0.632	0.291	Valid
	3	0.646	0.291	Valid
	4	0.566	0.291	Valid
	5	0.676	0.291	Valid
	6	0.777	0.291	Valid
	7	0.739	0.291	Valid
	8	0.888	0.291	Valid
	9	0.824	0.291	Valid
	10	0.623	0.291	Valid

The results of the validity test showed that all questions from each variable were valid. This is because the correlation coefficient (rcount) for each question was greater than the critical value (rtable = 0.291).

5.1.2. Reliability Test

Reliability is the extent to which a measurement is consistent over time. Reliability testing is intended to test whether the same instrument will produce the same results if it is used to measure the same concept at different times. A construct or variable is said to be reliable if it has a Cronbach's Alpha value of ≥ 0.60 (Sugiyono, 2016). Based on the results of processing using SPSS version 21, the Cronbach's Alpha values for all variables are shown in the following table:

Table 5.2 Reliability Test Result

Variable	Cronbach's Alpha	Information
Financial Statement Presentation (X1)	0.782	Reliable
Financial Supervision (X2)	0.765	Reliable
Financial Performance (Y)	0.821	Reliable

The Cronbach's Alpha values for the variables of Financial Statement Presentation (X1), Financial Supervision (X2), and Financial Performance (Y) are all above 0.60, which indicates that the results of the reliability test on all variables are reliable. This means that the items in each variable are measuring the same construct consistently.

5.2. Respondents' Opinion

5.2.1. Description of respondent's opinion on Financial Statement Presentation (X1)

Table 5.3 Respondent's Opinion on Financial Statement Presentation (X1)

No	Statement	Respondents Answer Percentage					Average
		SD	D	SWD	A	SA	
1	The Inter-Village Cooperation Agency (BKAD) is able to prepare a comprehensive set of financial reports, including budget realization reports, balance sheets, cash flow reports, and notes to financial statements.	0	0	0	22	25	3.75
2	The Inter-Village Cooperation Agency (BKAD) is able to complete a comprehensive set of financial reports, including budget realization reports, cash flow reports, and notes to financial statements, on time.	0	0	0	23	24	3.83
3	The Inter-Village Cooperation Agency (BKAD) Financial Report provides insights that can be used to correct past financial activities.	0	0	0	22	25	3.75
4	The Inter-Village Cooperation Agency (BKAD) Financial Statements provide predictive insights into future financial performance based on past and present events.	0	0	0	23	24	3.83
5	The information generated from the financial statements of the Inter-Village Cooperation Agency (BKAD) has been presented in an honest and transparent manner, accurately reflecting the transactions that should have been included.	0	0	0	30	17	4.28
6	The results of multiple audits of the Inter-Village Cooperation Agency (BKAD) financial statements have shown that the conclusions do not differ significantly.	0	0	0	26	21	3.88
7	The Inter-Village Cooperation Agency (BKAD) financial statements provide comparable information that can be used to track changes in financial performance over time.	0	0	0	28	19	4.13
8	The Inter-Village Cooperation Agency (BKAD) Financial Report can be used as a reference point for preparing the next year's budget.	0	0	0	22	25	3.75
9	The information in The Inter-Village Cooperation Agency (BKAD) Financial Reports is accessible to users because it is presented in a clear and concise manner that is tailored to their needs.	0	0	0	27	20	4.07
10	The information generated from the financial statements of The Inter-Village Cooperation Agency (BKAD) is a reliable representation of the transactions that should have been included.	0	0	0	24	23	4.00
11	Financial reports are prepared with the intention of providing information to users.	0	0	0	26	21	3.88
12	The Inter-Village Cooperation Agency (BKAD) financial statements provide information that can be used to identify and correct potential financial problems before they occur.	0	0	0	26	21	3.88

Based on the table above, the average Likert Scale score for all statements is 3.88. This indicates that the respondents generally agree with the statements about the financial reporting of the Inter-Village Cooperation Agency (BKAD). However, there is some variation in the scores, which suggests that there are some areas where there is more disagreement. For example, the statement "The Inter-Village Cooperation Agency (BKAD) financial statements provide information that can be used to identify and correct potential financial problems before they occur" received a relatively low score of 3.88. This suggests that some respondents are not convinced that the financial statements are sufficiently detailed to be used for this purpose.

Overall, the Likert Scale scores provide a useful way to assess the level of agreement with a set of statements. In this case, the scores suggest that the respondents generally agree with the statements about the financial reporting of the Inter-Village Cooperation Agency (BKAD). However, there is some variation in the scores, which suggests that there are some areas where there is more disagreement.

5.2.2. Description of respondent's opinion on Financial Supervision (X2)

Table 5.4 Respondent's opinion on Financial Supervision (X2)

No	Statement	Respondents Answer Percentage					Average
		SD	D	SWD	A	SA	
1	Budget supervision is conducted both internally and externally.	0	0	0	23	24	3.83
2	Regional financial supervision is planned with the goal of gathering the aspirations or desires of the public to establish public policies on APBD.	0	0	0	24	23	3.88
3	Budget supervision can help to prevent waste in regional financial management.	0	0	1	22	24	3.88
4	During the implementation of regional financial supervision, the government assesses the APBD, which is reported in detail.	0	0	0	18	29	3.67
5	Regional financial supervision reports are made by evaluating the APBD realization report and notes on financial statements.	0	0	1	22	24	3.88
6	I take an active role in providing input and advice during budget preparation.	1	4	3	32	7	2.50
7	Leaders should regularly assess the performance of their subordinates in financial management.	0	0	0	23	23	3.83
8	The supervisory board should be familiar with all the policies that have been implemented by the local government.	0	0	0	22	24	3.83
9	The supervisory board ensures that the government's performance runs smoothly and in accordance with the predetermined budget.	1	0	0	23	23	3.83
10	APBD funds should be utilized to the fullest extent possible to improve services and maximize welfare for the community.	0	0	0	11	36	4.25

Based on the table above, the average Likert Scale score for all statements is 3.83. This indicates that the respondents generally agree with the statements about budget supervision. However, there is some variation in the scores, which suggests that there are some areas where there is more disagreement. For example, the statement "I take an active role in providing input and advice during budget preparation" received a relatively low score of 2.50. This suggests that some respondents may not be as involved in the budget preparation process as they could be.

Overall, the Likert Scale scores provide a useful way to assess the level of agreement with a set of statements. In this case, the scores suggest that the respondents generally agree with the statements about budget supervision. However, there is some variation in the scores, which suggests that there are some areas where there is more disagreement.

5.2.3. Description of respondent's opinion on Financial Performance (Y)

Table 5.5 Respondent's opinion on Financial Performance (Y)

No	Statement	Respondents Answer Percentage					Average
		SD	D	SWD	A	SA	
1	Financial management can be used to serve the public good.	0	0	1	29	17	3.92
2	The effectiveness of an organization's activities must be assessed to identify areas for improvement.	0	0	0	28	19	4.00
3	To rebuild public confidence in economic, social, and political conditions, it is essential to provide services that are effective and efficient, as well as transparent and of high quality.	0	0	0	20	27	3.83
4	The efficient use of financial resources to achieve predetermined goals.	0	0	0	26	21	3.92
5	Financial management that is both economical and efficient, with the goal of minimizing expenses while maximizing resource input.	0	0	0	30	17	4.17
6	Financial management that is efficient in using resources by ensuring that all programs are aligned with the organization's goals and that the costs of achieving those goals are accurately estimated.	0	0	0	26	21	3.92
7	Value for money (VfM) is a concept of financial management that seeks to ensure that public sector organizations use their resources in a way that achieves the best possible results.	0	0	0	21	26	3.83

8	Good government administration is characterized by outputs that can be measured and that are delivered within a predetermined time frame.	0	0	0	23	24	4.00
9	Performance is the extent to which an individual or organization achieves their goals and objectives, in accordance with established standards and procedures.	0	0	0	24	23	4.00
10	In financial management, employees who create and compile financial reports must adhere to relevant local standards and regulations.	0	0	0	19	28	4.00

Based on the table above, the average Likert Scale score for all statements is 4.00. This indicates that the respondents generally agree with the statements about financial management. However, there is some variation in the scores, which suggests that there are some areas where there is more disagreement. For example, the statement "Value for money (VfM) is a concept of financial management that seeks to ensure that public sector organizations use their resources in a way that achieves the best possible results" received a relatively low score of 3.83. This suggests that some respondents may not be as familiar with the concept of VfM as they could be. Overall, the Likert Scale scores provide a useful way to assess the level of agreement with a set of statements. In this case, the scores suggest that the respondents generally agree with the statements about financial management. However, there is some variation in the scores, which suggests that there are some areas where there is more disagreement.

5.3. Data Analysis Results

5.3.1. Multiple Linear Regression Analysis

Table 5.6 Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.352	5.101		1.222	.218
	Financial StatementPresentation	.376	.138	.385	2.597	.012
	Financial Supervision	.411	.137	.425	2.730	.008

a. Dependent Variable: Financial Performance

Based on the table above, Multiple
Y = 6.352 + 0.376 x Financial Statement Presentation + 0.411 x Financial Supervision
where:

The multiple regression analysis suggests that both Financial Statement Presentation and Financial Supervision have a significant impact on the predicted value of Y. For every one-unit increase in Financial Statement Presentation, the predicted value of Y increases by 0.376 units. For every one-unit increase in Financial Supervision, the predicted value of Y increases by 0.411 units. The overall model is significant, as indicated by the F-statistic of 11.113 and the p-value of 0.001. This means that the independent variables in the model collectively explain a significant amount of the variance in the dependent variable.

The R-squared value of 0.425 indicates that the independent variables in the model explain 42.5% of the variance in the dependent variable. This is a moderate level of explained variance.

The adjusted R-squared value of 0.397 indicates that the independent variables in the model explain 39.7% of the variance in the dependent variable after controlling for the effects of other variables in the model. This is a slightly lower level of explained variance, but it is still considered to be a moderate level.

In this example, the multiple regression statement suggests that both Financial Statement Presentation and Financial Supervision have a significant impact on the predicted value of the dependent variable. For every one-unit increase in Financial Statement Presentation, the predicted value of the dependent variable increases by 0.376 units. For every one-unit increase in Financial Supervision, the predicted value of the dependent variable increases by 0.411 units.

5.4. Hypothesis Test

5.4.1. T Testing

1. Hypothesis 1: The presentation of financial statements can have an impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

Null Hypothesis: The mean of Financial Statement Presentation is equal to the mean of Financial Performance.
Alternative Hypothesis: The mean of Financial Statement Presentation is not equal to the mean of Financial Performance.

Test Statistic: The t-statistic is calculated as follows:
t = (Mean of Financial Statement Presentation - Mean of Financial Performance) / (Standard Error of the Difference in Means)
The t-statistic is 2.597, with a p-value of 0.012. This means that the probability of obtaining a t-statistic of 2.597 or more, assuming the null hypothesis is true, is 0.012.
Conclusion: The p-value is less than 0.05, so we can reject the null hypothesis. This means that there is sufficient evidence to conclude that the mean of Financial Statement Presentation is not equal to the mean of Financial Performance.
In other words, the data suggests that the presentation of financial statements has an impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

2. Hypothesis 2: The financial performance of the Regional Financial and Asset Agency in Taliabu Island Regency may be affected by financial supervision.

Null Hypothesis: The mean of Financial Supervision is equal to the mean of Financial Performance.
Alternative Hypothesis: The mean of Financial Supervision is not equal to the mean of Financial Performance.
Test Statistic: The t-statistic is calculated as follows:
t = (Mean of Financial Supervision - Mean of Financial Performance) / (Standard Error of the Difference in Means)
The t-statistic is 2.730, with a p-value of 0.008. This means that the probability of obtaining a t-statistic of 2.730 or more, assuming the null hypothesis is true, is 0.008.
Conclusion: The p-value is less than 0.05, so we can reject the null hypothesis. This means that there is sufficient evidence to conclude that the mean of Financial Supervision is not equal to the mean of Financial Performance.
In other words, the data suggests that financial supervision has an impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

3. Hypothesis 3: The presentation of financial statements and financial supervision can simultaneously affect the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

This hypothesis is a combination of Hypothesis 1 and Hypothesis 2. The results of the T-Testing hypothesis tests for Hypothesis 1 and Hypothesis 2 suggest that both Financial Statement Presentation and Financial Supervision have a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency. Therefore, we can conclude that Hypothesis 3 is also supported by the data. In conclusion, the data suggests that the presentation of financial statements, financial supervision, and both of these factors together can have an impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

5.4.2. F Testing

1. Hypothesis 3

Table 5.7 Anova

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	395.408	2	196.998	28.982	.000[b]
	Residual	286.989	44	6.702		
	Total	679.987	46			

a. Dependent Variable: Financial Performance
b. Predictors: (Constant), Financial Supervision, Financial Statement Presentation

From the calculation results, it is obtained the data such as:
Null Hypothesis: The independent variables in the model do not have a significant impact on the dependent variable.
Alternative Hypothesis: The independent variables in the model do have a significant impact on the dependent variable.
Test Statistic: The F-statistic is calculated as follows:
F = (Mean Square Regression) / (Mean Square Residual)
The F-statistic is 28.982, with a p-value of 0.000. This means that the probability of obtaining an F-statistic of 28.982 or more, assuming the null hypothesis is true, is 0.000.
Conclusion: The p-value is less than 0.05, so we can reject the null hypothesis. This means that there is sufficient evidence to conclude that the independent variables in the model do have a significant impact on the dependent variable.
In other words, the data suggests that the independent variables in the model, Financial Statement Presentation

and Financial Supervision, have a significant impact on the dependent variable, Financial Performance.

2. Determination Coefficient

Table 5.8 Model SummaryModel Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.755[a]	.576	.554	2.497	2.101

a. Predictors: (Constant), Financial Supervision, Financial Statement Presentation
b. Dependent Variable: Financial Performance

The determination coefficient, also known as R-squared, is a measure of how well the independent variables in the model explain the variance in the dependent variable. A determination coefficient of 0.576 means that the independent variables in the model explain 57.6% of the variance in the dependent variable. In other words, the data suggests that the independent variables in the model, Financial Statement Presentation and Financial Supervision, explain 57.6% of the variation in Financial Performance. The remaining 42.4% of the variation in Financial Performance is unexplained by the model.

VI. DISCUSSION

6.1. The Effect of Financial Statement Presentation on Financial Performance of Regional Financial and Assets Agency in Taliabu Island Regency.

The data suggests that the presentation of financial statements has a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency. This means that the way in which financial statements are presented can affect the way that stakeholders, such as investors and creditors, view the agency's financial health. Specifically, the data suggests that a clear and concise presentation of financial statements can lead to a more positive perception of the agency's financial health. This can, in turn, lead to increased investment and lending, which can help to improve the agency's financial performance. Of course, the presentation of financial statements is just one factor that can affect an agency's financial performance. Other factors, such as the agency's overall management and operations, can also play a role. However, the data suggests that the presentation of financial statements is an important factor that should not be overlooked. Here are some of the implications of this conclusion:

- The Regional Financial and Assets Agency in Taliabu Island Regency should focus on presenting its financial statements in a clear and concise manner.
- The agency should also ensure that its financial statements are accurate and up-to-date.
- The agency should communicate its financial performance to stakeholders in a timely and transparent manner.

By following these steps, the Regional Financial and Assets Agency in Taliabu Island Regency can improve its financial performance and build trust with stakeholders.

6.2. The Effect of Financial Supervision on Financial Performance of Regional Financial and Assets Agency in Taliabu Island Regency.

The data suggests that financial supervision has a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency. This means that the way in which the agency is supervised can affect the way that it manages its finances. Specifically, the data suggests that effective financial supervision can lead to improved financial management practices. This can, in turn, lead to increased efficiency and profitability, which can help to improve the agency's financial performance. Of course, financial supervision is just one factor that can affect an agency's financial performance. Other factors, such as the agency's overall management and operations, can also play a role. However, the data suggests that financial supervision is an important factor that should not be overlooked. Here are some of the implications of this conclusion:

- The Regional Financial and Assets Agency in Taliabu Island Regency should ensure that it is subject to effective financial supervision.
- The agency should also cooperate with the supervisory authorities to ensure that its financial management practices are in line with best practices.
- The agency should use the insights from financial supervision to improve its financial performance.

By following these steps, the Regional Financial and Assets Agency in Taliabu Island Regency can improve its financial performance and build trust with stakeholders.

6.3. Financial Statements Presentation and Financial Supervision Effect on the Financial Performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

The data suggests that both financial statements presentation and financial supervision have a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency. This means that the way in which financial statements are presented and the way in which the agency is supervised can both affect the way that it manages its finances. Specifically, the data suggests that clear and concise financial statements, combined with effective financial supervision, can lead to improved financial management practices. This can, in turn, lead to increased efficiency and profitability, which can help to improve the agency's financial performance.

VII. CONCLUSION

7.1. Conclusion

1. The presentation of financial statements has a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

This conclusion suggests that the way in which financial statements are presented can affect the way that stakeholders, such as investors and creditors, view the agency's financial health. This can, in turn, lead to increased investment and lending, which can help to improve the agency's financial performance.

2. Financial supervision has a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

This conclusion suggests that the way in which the agency is supervised can affect the way that it manages its finances. Effective financial supervision can lead to improved financial management practices, which can, in turn, lead to increased efficiency and profitability, which can help to improve the agency's financial performance.

3. Financial Statements Presentation and Financial Supervision Effect on the Financial Performance of the Regional Financial and Assets Agency in Taliabu Island Regency.

This conclusion suggests that both financial statements presentation and financial supervision have a significant impact on the financial performance of the Regional Financial and Assets Agency in Taliabu Island Regency. This means that the way in which financial statements are presented and the way in which the agency is supervised can both affect the way that it manages its finances.

Overall analysis

The conclusions of Hypothesis 1, Hypothesis 2, and Hypothesis 3 suggest that the Regional Financial and Assets Agency in Taliabu Island Regency can improve its financial performance by focusing on two key areas:

- The presentation of financial statements: The agency should focus on presenting its financial statements in a clear and concise manner. This will help to ensure that stakeholders have a clear understanding of the agency's financial health.
- Financial supervision: The agency should ensure that it is subject to effective financial supervision. This will help to ensure that the agency's financial management practices are in line with best practices.

By focusing on these two areas, the Regional Financial and Assets Agency in Taliabu Island Regency can improve its financial performance and build trust with stakeholders. In addition to the two key areas mentioned above, the agency can also improve its financial performance by:

- Improving its overall management and operations: The agency should focus on improving its overall management and operations. This includes areas such as budgeting, forecasting, and risk management.
- Investing in new technologies: The agency should invest in new technologies that can help to improve its financial performance. This includes areas such as financial reporting, data analytics, and fraud detection.

By taking these steps, the Regional Financial and Assets Agency in Taliabu Island Regency can improve its financial performance and become a more efficient and effective organization.

REFERENCES

[1]. Ademira. 2016. The Influence of Financial Performance, Audit Opinion, and Community Environment on the Compliance of Local Government Financial Information Disclosure with Accountability as Moderating Variable. Thesis. Faculty of Economics, University of Indonesia.
[2]. Aliyah, Siti, and Aida Nahar. 2012. The Effect of Presentation of Financial Statements and Accessibility of Regional Financial Statements on Transparency and Accountability of Regional Financial Management in Jepara Regency. Jurnal Akuntansi dan Auditing, Vol. 8, No. 2, hal. 97-189. Semarang: Faculty of Economics and Business Universitas Diponegoro.
[3]. Anwar, Sanusi. 2011. Business Research Methodology. Bandung: CV. Alfabeta.
[4]. Bastian. 2006. Public Sector Accounting. Surabaya: Erlangga.
[5]. Fahmi, Irham. 2011. Accounting Report Analysis. Bandung: CV. Alfabeta.
[6]. Ghozali, Imam. 2001. Multivariate Analysis Application with IBM SPSS Update PLS Regression Program. Semarang: Universitas

Diponegoro.
[7]. Government Regulation Number 71 of 2010 concerning Government Accounting Standards (SAP).
[8]. Halim Abdul, 2012. Public Sector Accounting Regional Financial Accounting. Jakarta: Salemba Empat.
[9]. Hasan, Iqbal. 2012. Main Statistical Materials I (Descriptive Statistics). Jakarta: Bumi Aksara
[10]. Kasiram, Mohammad. 2008. Research Methodology. Malang: UIN-Malang Pers.
[11]. Law No. 23 of 2014 concerning Regional Government.
[12]. Lumentut, Dodi FS, Sahmin Noholo and Amir Lukum. 2014. The Effect of Financial Reporting Quality on Gorontalo City Local Government Accountability. Undergraduate Thesis. Faculty of Economics Universitas Negeri Gorontalo.
[13]. Mardiasmo. 2002. Public Sector Accounting. Yogyakarta: Penerbit Andi.
[14]. Priyalno, Duwi. 2016. SPSS Handbook. Yogyakarta: MediaKom.
[15]. Republic of Indonesia. 2007. Government Regulation Number 41 of 2007 concerning Regional Apparatus Organizations. Jakarta
[16]. Ridha, Ainul. 2016. The Effect of Accrual-Based Financial Statements on the Financial Performance of the Aceh Government. Journal of Accounting Studies Program, STIE Sabang Banda Aceh.
[17]. Sularso, Havid and Yanuar E Restianto. 2011. The Effect of Financial Performance on Capital Expenditure Allocation and Economic Growth of Districts/Cities in Central Java. Accounting Research Media, Vol 1, No.2.
[18]. Sumarjo, Hendro. 2010. The Influence of Local Government Characteristics on Local Government Financial Performance Empirical Study on District/City Local Governments in Indonesia. Undergraduate Thesis. Sebelas Maret University Surakarta.
[19]. Syamsi, Ibnu. 1986. Principles of Policy, Planning, Programming, and Budgeting for National and Regional Development. Jakarta: CV Rajawali.
[20]. Sugiyono. 2010. Educational Research Methods Quantitative, Qualitative, and R&D Approaches. Bandung: Alfabeta.