

## The Influence of Educational Level and Work Experience on the Quality of Financial Reporting of Village-Owned Enterprises



Elex Sarmigi<sup>1</sup>, Desiana<sup>2</sup>, Azhar<sup>3</sup>, Samsul Bahry Harahap<sup>4</sup>, Bustami<sup>5</sup>, Elvi Nilda<sup>6</sup>, Eva Sumanti<sup>7</sup>, Gladis Novindani<sup>8</sup>

<sup>1,2,3,4,5,6,7,8</sup>Institut Agama Islam Negeri Kerinci, Sungai Penuh – Jambi - 37111

**ABSTRACT:** This research aims to find out whether the level of education and work experience influences the quality of BUMDes financial reports in Siulak District. This research aims to find out whether the level of education and work experience influences the quality of BUMDes financial reports in Siulak District. In this research, the data collection techniques and tools used are quantitative data analysis techniques, and the analysis method used is the multiple linear regression analysis method. The results of this research partially show that the level of education has a positive and significant effect on the quality of financial reports, and work experience has a positive and significant effect on the quality of financial reports. Based on simultaneous test results, the level of education and work experience have a significant effect on the quality of financial reports.

**KEYWORDS:** Quality of Financial Reporting, Educational Level, Work Experience

### INTRODUCTION

Village-owned enterprises are Village business institutions managed by the community and Village government in an effort to strengthen the Village economy and build community social cohesion, which is formed based on the needs and potential of the Village. Village-owned enterprises are Village financial institutions that run financial businesses that meet the needs of micro-scale businesses run by Village economic entrepreneurs. Village-Owned Enterprises are required to make financial reports for all Village-Owned Enterprise business units in an accountable and transparent manner every month. Financial reports provide relevant information regarding the financial position and all transactions carried out by a reporting entity during a reporting period. Financial reports are needed to determine the overall financial performance of Village-Owned Enterprises during one period. The development of Village-Owned Enterprises in Siulak District, Kerinci Regency, is quite rapid because every village in Siulak District has 26 Village-Owned Enterprises from 26 Villages in Siulak District.

Another factor that can influence the quality of the financial reports of Village-Owned Enterprises is education. The education in question is in accordance with Law of the Republic of Indonesia Number 20 of 2003 concerning the National Education System; the level of education, often referred to as the level of education, is the stage of education that is determined based on the level of development of students, the goals to be achieved and the abilities developed. Formal education levels consist of basic education, secondary education and higher education. The level of education can be an indicator that shows a person's intellectual level. The higher the level of education, the higher the knowledge and intellectual level of a person. With an adequate level of education, it is easier for a person to carry out their duties. Apart from education, work experience is also another factor that can influence whether the quality of the financial reports of village-owned enterprises is good or bad. Work experience is one of the main assets, besides education level, if someone wants to enter the world of work. The work experience that a person has in the world of work is sometimes more needed than a high level of education. Work experience is also a benchmark for performance according to what one has experienced. The longer a person works, the more efficiently a person can carry out his abilities. Work experience shows the ability of the person to do the work a person has done and provides a great opportunity for a person to do a better job. The more work experience a worker has, the more that person will master their job.

# **The Influence of Educational Level and Work Experience on the Quality of Financial Reporting of Village-Owned Enterprises**

## **THEORY FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

### **Financial statements**

The definition of financial reports put forward by Bastian (2010) is that financial reports are the final result of the accounting process, which presents information that is useful for returning decisions by various interested parties. Meanwhile, according to Mulyadi (2010), quality is defined as conformity to standards, measured based on the level of non-conformity, and achieved through inspection. Financial reports are the output of an accounting system that is useful for providing information to parties who will use the financial information as a basis for decision-making. Financial reports, apart from being a tool for providing financial information, also function as a tool for accountability and performance evaluation, especially financial performance (Mahmudi, 2013).

Based on the definitions above, it can be said that financial reports are a structured accounting process in an accounting period that can be used for decision-making by various parties. According to PSAK No.1, "Financial reports are a structured presentation of the financial position and financial performance of an entity. This report presents the historical journey of an entity that is qualified in monetary value. Financial reports must be prepared based on applicable accounting standards so that the financial reports can be compared with financial reports from previous periods and can also be compared with other companies. The preparation of financial reports must have the ability to clearly and transparently present the financial health of a company with the aim of providing informative business decisions. So, there can be no fraud in the preparation of a company's financial reports. From the definition of a financial report, the author concludes that a financial report is an accountability report regarding the financial position of a company, which is prepared maximally to be used as a reference in preparing a plan and in making decisions.

### **Level of education**

Basically, education is a conscious effort to create a cultural inheritance from one generation to another. Education is realized in a learning atmosphere and learning process so that students actively develop their potential to have religious and spiritual strength, self-control, personality, intelligence, noble morals and the skills needed by themselves and society. In a simple and general sense, the meaning of education is a human effort to grow and develop potential, both physical and spiritual, in accordance with the values that exist in society and culture. According to Sutrisno R. Pardoen (2019), stated that one form of human capital is education. Through education, a person's quality can be improved in various aspects. An educated person will be more rational in thinking and acting and understand the duties and responsibilities assigned to him so that he can carry out these duties and responsibilities well. Education consists of two, namely formal and non-formal education. Formal education is closely related to everything related to human development, starting from physical development, health, skills, thoughts, feelings, will, and social, up to the development of faith. Education levels, often referred to as educational levels, are stages of education that are determined based on the level of development of students, the goals to be achieved, and the abilities developed. The education level of an employee shows the level of knowledge and understanding to carry out the tasks at hand efficiently. Employee knowledge and understanding of work implementation are crucial in achieving predetermined work results. With adequate formal education, finance employees will more easily understand and comprehend the work that must be done. So, the higher the level of education of an employee and the background in accounting education, the more helpful it will be in making reports. In other words, education is a conscious and planned effort to create a learning atmosphere and learning process so that students actively develop their potential to have religious and spiritual strength, self-control, personality, intelligence, noble morals and the skills needed by themselves and society.

In studying and thinking about education, it is first necessary to know two terms that are almost the same in form and are often used in the world of education, namely pedagogy and pedagogic. Pedagogy means "Education," while pedagogic means "science of education". The word pedagogues, which originally meant service, later changed to noble work (Abd Rahman et al., 2022). The definition of pedagogy (from pedagogues) is someone whose job is to guide children in their growth in areas of independence and responsibility. Educational work covers many things, namely, everything related to human development. Starting from physical development, health, skills, thoughts, feelings, will, and social, to the development of faith. Education is not only seen as an effort to provide information and the formation of skills, but it is expanded to include efforts to realize individual desires, needs, and abilities so that a satisfactory personal and social lifestyle is achieved. Education is not merely a means of preparing for future life, but for the lives of children now who are experiencing development towards their maturity level. Education is a learning process that collects and improves knowledge. Education is obtained through structured learning and over a relatively long period. Education in a particular field (specialization): Educational background will increase knowledge

## The Influence of Educational Level and Work Experience on the Quality of Financial Reporting of Village-Owned Enterprises

in the relevant field. An adequate level of education is important in the quality of the financial reports of Village-Owned Enterprises.

Based on the explanations above, researchers conclude that education is an important process in human life that helps individuals grow and develop, acquire knowledge and skills, and form positive values and attitudes to become skilled, broad-minded and responsible citizens.

### Work experience

According to Basari (2013), work experience in similar jobs needs to be taken into consideration when placing workers. The reality shows that the longer workers work, the more experience they have. Conversely, the shorter the work period, the less experience gained. Many work experiences provide acquired expertise and skills. Many work experiences provide expertise and work skills. On the other hand, limited work experience results in lower levels of expertise and skills. Work experience is a person's main capital when entering a certain field. Work experience is the level of mastery of knowledge and skills possessed by employees at work, which can be measured from the length of service and the type of work the employee has done during a certain period (Aristarini, 2014). Work Experience: According to Sastro Hadiwiry (in the Ratulangi Journal 2016), work experience is one of the most important factors in a company. Employees who have a lot of work experience will adapt very easily to existing jobs.

From the several definitions of work experience above, the researcher concludes that high-quality work experience refers not only to craft but also to a person's knowledge and skills at work, which can be measured by years of service. By the level of knowledge and skills a person has in deepening the work they are undertaking.

## METHODOLOGY

This research was conducted in Siulak District, namely by conducting initial observations and distributing questionnaires to the Treasurer and administrators of Village-Owned Enterprises in each Village that has a Village-Owned Enterprise in Siulak District. The population is the entire research subject (Arikunto, 2006). Population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2014). The population in this research are the treasurers and administrators of village-owned enterprises in each village that has village-owned enterprises in Siulak District. According to Sugiyono (2016), the sample is part of the population's number and characteristics. According to Sugiyono (2017), the sample is part of the population, which is the source of data in research, where the population is part of the number of characteristics possessed by the population. In this study, researchers used total sampling or the entire population as a data source. The sample in this study was all administrators of village-owned enterprises in Siulak District, namely 75 people.

The technique used in obtaining and collecting data in this research is quantitative in the form of data processed with statistics and in the form of numbers. The researcher used a data collection method by making observations and distributing questionnaires to the Treasurer and administrators of Village-Owned Enterprises in each Village that has an Agency. Village-Owned Business in Siulak District. The questionnaire in this research uses a Likert scale approach, namely a scale used to measure attitudes, opinions and perceptions of a person or group about social phenomena (Sugiyono, 2016).

The data analysis technique used in this research is multiple linear regression analysis, where the aim is to predict how the condition of the dependent variable (criterium) will rise and fall if two or more independent variables as predictor factors increase and decrease in value (manipulated). Multiple linear regression analysis will be used if the number of independent variables is at least 2 variables. In this research entitled "The Influence of Education Level and Work Experience on the Quality of financial reports of Village-Owned Enterprises in Siulak District", the author in this research used a multiple linear regression equation because there was more than one independent variable in the research.

## RESULTS AND DISCUSSION

### Multiple Regression Analysis

**Table 1. Multiple Linear Regression Analysis**

Variable	Coefficients	Sig.
Constant	8,418	0,002
Education Level (X1)	0,367	0,021
Work Experience (X2)	0,639	0,000

**Source:** Data processed with SPSS 26, 2024

## The Influence of Educational Level and Work Experience on the Quality of Financial Reporting of Village-Owned Enterprises

From Table 1 above, a multiple linear regression equation can be constructed as follows.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$
$$Y = 8.418 + 0.367X_1 + 0.639X_2$$

Based on the regression equation and Table 3. above, analysis can be carried out, namely:

1. It is known that the constant value is 8.418, where this value has a positive sign and is significant at the level of  $0.002 < 0.05$ . This means that if it is assumed that the values of the Education (X1) and Work Experience (X2) variables have not changed, then the Financial Report (Y) in the Siulak District Village-Owned Enterprise is still in good condition. This is because a constant has a positive and significant value.
2. From the regression equation and Table 4.8 above, it is known that the regression coefficient value for the Education variable (X1) is 0.367, where this value has a positive sign with a significance value of  $0.021 < 0.05$ . So, it can be seen that the direction of the influence of education (X1) on financial statements (Y) is positive. This means that every time there is an increase in Education (X1), the Financial Report (Y) in the Village-Owned Enterprises of Siulak District will increase.
3. It is known that the regression coefficient value of the Work Experience variable (X2) is 0.639, where this value also has a positive sign and is significant at the  $0.000 < 0.05$  level. This means that the direction of influence of Work Experience (X2) on Financial Reports (Y) is also positive. So, it can be concluded that if Work Experience (X2) is increased, then the Financial Report (Y) in Village-Owned Enterprises in Siulak District will also increase.

### Hypothesis Test Results

#### T-statistical test results

The results of the t-statistical test in this study are as follows.

**Table 2. T-statistical test results**

Variable	T-Test	T-table	Zero Order	Sig.	Alpha	Information
Pendidikan (X1)	2,354	1,996	0,702	0,021	0,05	H <sub>a1</sub> Accepted
Pengalaman Kerja (X2)	3,921		0,741	0,000		H <sub>a2</sub> Accepted

Source: Data processed with SPSS 26, 2024

#### The Influence of Education Level (X1) on the Quality of Financial Reports of Village-Owned Enterprises in Siulak District

From Table 2 above, it can be seen that the count value is 2.354, which is greater than the table value, namely 1.996, with a significance value of 0.021, which is smaller than alpha 0.05. So, it can be concluded that H<sub>a1</sub> is accepted and H<sub>o1</sub> is rejected, meaning that there is a positive and significant influence between Education (X1) and the Financial Reports (Y) of Village-Owned Enterprises in Siulak District.

The magnitude of the influence of Education (X1) on the Financial Reports (Y) of Village-Owned Enterprises in Siulak District is 49.28%.

$$\text{Correlation Coefficient} = \text{Zero Order}^2 \times 100\%$$

$$\text{Correlation Coefficient} = 0.702^2 \times 100\%$$

$$\text{Correlation Coefficient} = 0.492 \times 100\%$$

$$\text{Correlation Coefficient} = 49.28\%$$

#### The Influence of Work Experience (X2) on the Quality of Financial Reports of Village-Owned Enterprises in Siulak District

From Table 1 above, it can be seen that the t value is 3.921, where this value is greater than the t table value, namely 1.996, with a significance value of 0.000, which is smaller than alpha 0.05. So, it can be concluded that H<sub>a2</sub> is accepted and H<sub>o2</sub> is rejected, meaning that there is a positive and significant influence between Work Experience (X2) and the Financial Reports (Y) of Village-Owned Enterprises in Siulak District.

The magnitude of the influence of Work Experience (X2) on the Financial Reports (Y) of Village-Owned Enterprises in Siulak District is 54.90%.

$$\text{Correlation Coefficient} = \text{Zero Order}^2 \times 100\%$$

$$\text{Correlation Coefficient} = 0.741^2 \times 100\%$$

$$\text{Correlation Coefficient} = 0.549 \times 100\%$$

$$\text{Correlation Coefficient} = 54.90\%$$

# The Influence of Educational Level and Work Experience on the Quality of Financial Reporting of Village-Owned Enterprises

## F Test Results

Table 3. F Test Results

F <sub>test</sub>	F <sub>table</sub>	Adjusted R Square	Sig.	Alpha	Information
50,014	3,12	0,570	0,000	0,05	H <sub>a3</sub> Accepted

Source: Data diolah dengan SPSS 26, 2023

Based on Table 3 above, it can be seen that the Fcount value is greater than the Ftable value ( $50.015 > 3.12$ ) with a significance value of 0.000, which is smaller than alpha 0.05. So H<sub>a4</sub> is accepted, and H<sub>o4</sub> is rejected, meaning that together (simultaneously), there is an influence of Education (X1) and Work Experience (X2) on the Financial Reports (Y) of Village-Owned Enterprises in Siulak District. In other words, the regression model tested in this study was declared good (goodness of fit).

Based on Table 3 above, it is known that the Adjusted R square value is 0.581. This value shows the magnitude of the influence of Education (X1) and Work Experience (X2) on the Financial Reports (Y) of Village-Owned Enterprises in Siulak District, namely 58.10% ( $58.10 \times 100\%$ ). The Adjusted R Square value is used because in the multiple linear regression analysis models if the independent variable is added, it will affect the R Square value regardless of whether the added variable has a significant influence on the dependent variable. Therefore, the adjusted R Square value is the R Square value that has been adjusted by adding independent variables.

## DISCUSSION

### The Influence of Education Level (X1) on Financial Reports (Y) of Village-Owned Enterprises in Siulak District

Based on the research results, it is known that partially the level of education (X1) influences the financial statements (Y) of village-owned enterprises in Siulak District. This proves that the level of formal education appropriate to the field has good educational quality in overcoming difficulties that arise when preparing financial reports. These results indicate that with every increase in education, the quality of financial reports will also increase. Therefore, Village-Owned Enterprises in Siulak District should continue to evaluate the level of education to improve the Quality of Financial Reports. The results of this research are in line with what was conveyed by Ifantriani (2021), who, through his research, also proved that partially there is a positive and significant influence between the level of education on the quality of financial reports of Village-Owned Enterprises.

### Effect of Work Experience (X2) on Financial Reports (Y) of Village-Owned Enterprises in Siulak District

Based on the research results, it is known that partial Work Experience (X2) has a positive and significant effect on the Financial Reports (Y) of Village-Owned Enterprises in Siulak District. This means that the length of time or work period of a person greatly influences the level of knowledge and skills possessed to work effectively in managing financial reports. It is very helpful in completing reports and mastering the work and equipment provided. Thus, Village-Owned Enterprises in Siulak District should continue to increase their work experience in completing the financial reports of Village-Owned Enterprises.

The results of this research are in line with what was conveyed by Ifantriani (2021), where the research he conducted also proved that, partially, there is a positive and significant influence between work experience and the quality of financial reports of Village-Owned Enterprises.

### Influence of Education Level (X1) and Work Experience (X2) on the Quality of Financial Reports (Y) of Village-Owned Enterprises in Siulak District

Based on the research results, it can be seen that simultaneously, Education Level (X1) and Work Experience (X2) have a positive and significant effect on the Financial Report (Y) of Village-Owned Enterprises in Siulak District. This means that the higher the level of education and work experience, the better the financial reports produced. Thus, Village-Owned Enterprises in Siulak District should continue to increase their level of education and work experience to produce good quality financial reports.

These results indicate that the level of education and work experience have a significant influence on the quality of financial reports. Therefore, consistency and commitment to increasing the level of education and work experience are needed by Village-Owned Enterprises in the Siulak sub-district so that the quality of financial reports will also continue to improve. The results of this research strengthen the results of previous research conducted by Ifantriani (2021), Pradhana (2018), Irawati & Martanti (2017), Taruh & Usman (2021), and Ishak et al. (2020), which through research conducted This also proves that

# The Influence of Educational Level and Work Experience on the Quality of Financial Reporting of Village-Owned Enterprises

partially there is a positive and significant influence between the level of education and work experience on the quality of financial reports of village-owned enterprises.

## CONCLUSIONS

Partially, there is a positive and significant influence from Education (X1) on the Quality of Financial Reports (Y) of Village-Owned Enterprises in Siulak District, with the magnitude of the influence being 49.28%. In comparison, other independent variables influence the remaining 50.72%. Partially, there is a positive and significant influence from Work Experience (X2) on the Quality of Financial Reports (Y) of Village-Owned Enterprises in Siulak District. The magnitude of the influence of Education Level (X1) on the Quality of Financial Reports (Y) of Village-Owned Enterprises in Siulak District is 54.90%, while other independent variables influence the remaining 45.10%. Simultaneously, it is known that Education Level (X1) and Work Experience (X2) have a positive and significant effect on the Quality of Financial Reports of Village-Owned Enterprises in Siulak District. The magnitude of the influence of these two variables is 50.01%, while the remaining 49.99% is influenced by other variables not examined in this research.

## REFERENCES

- 1) ABD.Rahman, DKK. 2022. Pengertian Pendidikan, Ilmu Pendidikan dan Unsur-Unsur Pendidikan. Journal Al Urwatul Wutsqa: Volume 2, no 1
- 2) Arikunto, S. 2006. Prosedur Penelitian Suatu Pendekatan Praktik Edisi Revisi VI. Jakarta : Rineka Cipta
- 3) Aristarini, L. dkk. 2014. Pengaruh Pengalaman Kerja, Kompetensi Sosial, Dan Motivasi Kerja Terhadap Kinerja Karyawan Pada Bagian Pemasaran PT.Adira Finance Singaraja. E-Journal Bisma Universitas Pendidikan Ganesha Jurusan Manajemen, 2(4), 206-213.
- 4) Basari, I. 2013. Disiplin Kerja Dan Pengalaman Kerja Terhadap Kinerja Karyawan Pada PT.Central Multi Karya Bandung. Jurnal Ilmiah, 41-57
- 5) Bastian, I. 2010. Akuntansi Sektor Publik Edisi Ketiga. Jakarta: Erlangga
- 6) Ghozali, I. 2009. Aplikasi Analisis Multivariate dengan Program SPSS. Semarang: UNDIP
- 7) Ghozali, I. 2018. Aplikasi Analisis Multivariate dengan Program IBM SPSS 25. Semarang : Badan Penerbit Universitas Diponegoro
- 8) Mahmudi. (2013). Manajemen Kinerja Sektor Publik. Yogyakarta : Sekolah Tinggi Ilmu Manajemen YKPN
- 9) Mulyadi. 2010. Sistem Akuntansi, Edisi ke-3, Cetakan ke-5. Jakarta : Penerbit Salemba Empat
- 10) PSAK NO.1 Tahun 2015. Penyusunan Laporan Keuangan WYATT, AR, 2004. Accounting Profesionalism, They Just Do Not Get It! Accounting Horizons. Vol. 18, PP. 43-45
- 11) Ratulangi, S. 2016. Pengaruh Pengalaman Kerja, Kompetensi, Motivasi, terhadap Kinerja Karyawan (Studi pada PT.Hasjrat Abadi Tendeand Manado). Jurnal Embah, 4(4), 322-334
- 12) Sugiyono. (2014). Metode Penelitian Pendidikan Pendekatan Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.
- 13) Sugiyono. (2016). Metode Penelitian Kuantitatif, Kualitatif dan R&D. Bandung: PT Alfabet.
- 14) Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung : Alfabeta, CV.
- 15) Sutrisno, R.P. 2019. Pendidikan, Jenjang Pendidikan dan Pendidikan Formal Non Formal. Yogyakarta : Putaka Belajar



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.