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The Influence of Effectiveness and Efficiency on the Preparation of Digitalization-Based Financial Reports

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ABSTRACT

The use of digital-based financial reports has been widely used by business actors in Pamekasan Regency. Various trainings on preparing digital-based financial reports have also been provided by the Cooperatives, SMEs and Manpower Office of Pamekasan Regency to its fostered employees. Although it has been implemented, not all parties can implement it optimally due to several factors that become obstacles. The preparation of financial reports is an urgent problem besides other problems. The purpose of this study is to find the effect of effectiveness and efficiency on the preparation of digital-based financial reports. The method used in this study is quantitative descriptive which is measured using the SPSS statistical analysis tool. The population in this study was 490 active cooperatives and a sample of 57 cooperatives. The sampling technique used purposive sampling technique. The results of the study showed that there was a positive and significant influence both partially and simultaneously between the variables of effectiveness and efficiency on the preparation of digital-based financial reports with the most dominant influence being the efficiency variable. These results are evidence that training in digitalizing financial reports needs to be redesigned by emphasizing the efficiency aspect of system use and the digital system used should be selected based on its ability to simplify processes and save resources.

Key words: Effectiveness; Efficiency; Financial statements; Digitalization; Cooperative.

INTRODUCTION

Business in Indonesia has now entered the era of digitalization where business people are already running the business they are involved in using digitalization as a support system for their business. The use of digitalization is not only for profit but is also used as a tool for monitoring and evaluating the performance of business actors (Maulida et al., 2021) as well as changing business models and opening up opportunities for business people to provide economic value added which is meaningful for their business (Singh, 2017). National economic development has an important role for business actors in it and is one of the strongest drivers in terms of economic development, innovation and job creation (Khanna et al., 2017).

The effective and efficient use of digitalization in the business world will have a significant impact on business development. The use of digitalization is one solution that can be used to overcome problems in the preparation of financial reports where with digitalization business people can produce, manage, store and distribute this information for various purposes in the decision-making process

(Fitari & Hartati, 2022). In this way, digitalization-based financial management will be able to easily predict the budget needed by business actors and create future business development strategies (Ekaristi et al., 2023).

Financial reports that comply with applicable standards are needed by business actors to be able to compete in today's business world (Tiana et al., 2023). The role of financial reports is very important for business actors to analyze financial performance, which contains important information for various parties who need it, such as financial position, performance and cash flow. In this way, good financial reports are used as the main basis for making economic decisions (Putri & Maulana, 2019) and a tool for improving the financial performance of business actors (Margunani et al., 2020). However, business actors often face difficulties in managing finances and compiling financial reports, which has an impact on various things, one of which is the difficulty of getting access to capital from banks (Adiningsih, 2001).

The conditions faced by business actors (MSMEs and cooperatives) in Pamekasan Regency as far as observations made by researchers as initial data in this research are similar. The problems faced by business actors in Pamekasan Regency, both under official guidance and independently, also experience almost the same problems. In matters related to finance, the majority of Pamekasan business actors are still not very familiar with this matter. Starting from knowledge of finance itself, how to prepare good financial reports to financial management that can be used to design sustainable strategies. To overcome this problem, the Pamekasan district government, in this case through the Department of Cooperatives, SMEs and Manpower, has carried out training for business actors under official guidance related to digitalization-based financial management. However, what the government has done cannot be said to be "successful" in overcoming this problem. The success achieved was only 60% in the training carried out by the Serang government (Mashuri & Ermaya, 2021) and the success rate was 80% in the Semarang area (Margunani et al., 2020) which is proof that the problem has not been resolved simply by carrying out training for business actors.

Based on the phenomena that occur and the problems faced by business actors in Pamekasan Regency, researchers want to conduct research related to the effectiveness and efficiency of preparing digitalization-based financial reports aimed at business actors under official guidance. This is not without reason, this research was conducted to follow up on the training program that had been implemented by the Pamekasan district Cooperatives, SMEs and Manpower Service. In terms of digitalization, it does not only apply to finance but can also be used to analyze various things such as marketing digitalization (Nurhayati & Ardianingsih, 2021) and also product sales digitalization (Maulidiyah & Nurhadi, 2023). Overall, this can have a good impact on business actors. That way, this is what makes it happen state of the art in this research.

Financial reports are several pieces of paper with numbers written on them, but it is also important to think about the real assets behind those numbers (Brigham & Houston, 2010). Financial reports are the final result of a process of recording, managing and examining financial transactions within a business entity which are designed for making decisions both within and outside the company regarding the

company's financial position and business results (Priyati, 2013). Financial reports can be used as a tool to communicate with parties interested in company financial data (Jumingan, 2011). Financial reports consist of: 1. Balance sheet; 2. Profit Loss; 3. Changes in Capital; 4. Cash flow report; 5. Notes to Financial Reports.

Digitization is the process of converting any form of printed or other document into a digital presentation (Marilyn & Tanner, 2002). A financial report is a summary of a recording process, a summary of financial transactions that occurred during the financial year concerned (Baridwan, 2004) so that digitalization of financial reports for business actors is a process of converting a summary of financial transactions belonging to productive business units in printed form that occurred during a certain period into a digital presentation (Adenia & Husaini, 2019). The benefits of digitizing financial reports include: 1. Financial reports can be more transparent and managed well; 2. Storing financial reports will be more efficient and stored more safely; 3. Makes it easier to monitor financial reports; 4. More economical and easier to store financial reports; 5. Speed up the process of rediscovering financial report files; 6. It is easier to disseminate financial report information (Fitari & Hartati, 2022).

The purpose of this study is to measure how much influence the effectiveness and efficiency have on the preparation of digital-based financial reports on business actors, in this case cooperatives in Pamekasan Regency. Thus, the Cooperatives, SMEs, and Manpower Office of Pamekasan Regency can evaluate the impact of the implementation of the training so that it can assist in making further policy decisions. Based on the background and objectives of the study, the hypotheses developed by the author in this study include:

H1 : The effectiveness variable has a partial and significant influence on the preparation of financial reports.

H2 : The efficiency variable has a partial and significant influence on the preparation of financial reports.

H3 : The variables of effectiveness and efficiency have a simultaneous and significant influence on the preparation of financial reports.

H4 : Effectiveness is a variable that has a dominant influence on the preparation of financial reports.

METHOD

The approach taken to solve this problem is a quantitative approach. A quantitative approach is used to obtain data regarding how big the influence and significance of effectiveness and efficiency are in preparing digitalization-based cooperative financial reports. Where to obtain this data was carried out by carrying out in-depth observations, interviews and distributing questionnaires to the fostered cooperatives which were the objects of this research.

The object of this study is a cooperative fostered by the Cooperatives, SMEs and Manpower Service of Pamekasan Regency. The population in this study was 490 active cooperatives while the sample in this study was 57 cooperatives spread across several sub-districts in Pamekasan Regency. The sampling technique in this study used purposive sampling technique. The sample criteria in this study include:

1. Active cooperatives; 2. Cooperatives that participated in training conducted by the Cooperatives, SMEs and Manpower Service of Pamekasan Regency; 3. Representative cooperatives per sub-district in Pamekasan Regency. The following is the distribution of these cooperatives, including:

Table 1. Cooperative distribution data

No	Subdistrict	Cooperative
1	Galis	2
2	Kadur	4
3	Larangan	2
4	Pademawu	13
5	Pagentenan	1
6	Pakong	1
7	Palengnga'an	4
8	Pamekasan	18
9	Tlanakan	10
10	Pasean	1
11	Proppo	1
Total		**57**

Source: Data from the Pamekasan Regency Cooperatives, SMEs and Labor Service (2024)

The problem-solving approach uses a quantitative descriptive approach by conducting in-depth observations, interviews and distributing questionnaires. Where the data obtained will later be analyzed using the SPSS statistical analysis tool. Where the results of the questionnaire distribution will be sought to see how much influence and significance the effectiveness and efficiency have on the preparation of digital-based financial reports that have been implemented by the Cooperatives, SMEs and Manpower Service of Pamekasan Regency.

RESULT AND DISCUSS

Research Results

Validity and Reliability

Validity testing is carried out with the aim of testing the validity of each question item in the questionnaire that has been designed. A question item is said to be valid if the correlation value (calculated R) of the question item is > R table (0.3). The table below presents the results of the validity test for each question item from the questionnaire

Table 2. Validity Test

Question item	Calculated R	R table	Information
X1.1	0,718	0,3	Valid
X1.2	0,74	0,3	Valid
X1.3	0,689	0,3	Valid
X1.4	0,721	0,3	Valid
X1.5	0,691	0,3	Valid
X1.6	0,737	0,3	Valid
X1.7	0,751	0,3	Valid
X1.8	0,741	0,3	Valid
Question item	Calculated R	R table	Information
X2.1	0,55	0,3	Valid
X2.2	0,593	0,3	Valid
X2.3	0,573	0,3	Valid
X2.4	0,57	0,3	Valid
Question item	Calculated R	R table	Information
Y1.1	0,64	0,3	Valid
Y1.2	0,605	0,3	Valid
Y1.3	0,588	0,3	Valid
Y1.4	0,578	0,3	Valid
Y1.5	0,583	0,3	Valid
Y1.6	0,62	0,3	Valid
Y1.7	0,64	0,3	Valid

Source : Data processed

A question is said to be valid if the calculated R value is > 0.3, so it can be concluded that all of the questionnaires in this study are valid.

Reliability testing must be carried out only on questions that already have or meet a validity test, so if they do not meet the validity test requirements, there is no need to continue for a reliability test. The following are the results of the reliability test on valid question items

Table 3. Reliability Test

Variabel	Cronbach's alpha	Standar	Information
Effectiveness (X1)	0,916	0,6	Reliabel
Efficiency (X2)	0,77	0,6	Reliabel
Financial reports (Y)	0,848	0,6	Reliabel

Source : Data processed

If value cronbach's alpha greater than 0.6 then the research questionnaire is reliable. It is known that the questionnaire is reliable because of all the values cronbach's alpha > 0,6

Classic Assumption Test : Normality Test, Multicollinearity Test, Heteroscedasticity Test and Autocorrelation Test

The normality test aims to test whether in the regression model, the confounding (residual) variables have a normal distribution. The t and F tests assume that the residual values follow a normal distribution. In this study, the normality test for residuals was used using the Kolmogorov-Smirnov test. The level of significance used is a = 0.05. The basis for decision making is to look at the probability number p with the following conditions: 1. If the probability value p > 0.05 then the normality assumption is met; 2. If the probability value p < 0.05 then the normality assumption is not met

Table 4. Normality Test - Kolmogorov-Smirnov

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		57
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	5,19813579
Most Extreme Differences	Absolute	,109
	Positive	,080
	Negative	-,109
Test Statistic		,109
Asymp. Sig. (2-tailed)		,092[c]
Exact Sig. (2-tailed)		,480
Point Probability		,000

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source : Data processed

Note in the table above, that the probability value p or is known exact sig (2 tailed) is 0.480 because the p probability value is 0.480 > 0.05, this means the data is normally distributed.

In figure 1 is a normality test using a normal probability plot approach while in figure 2 is a normality test using a histogram approach. It is known that in Figure 1, the points are spread around the diagonal line, while in Figure 2 you can see the curve is a normal curve so that the data is normally distributed.

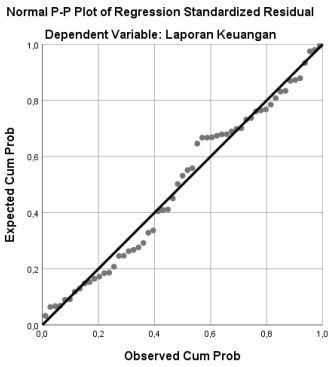

Figure 1. Probability plot

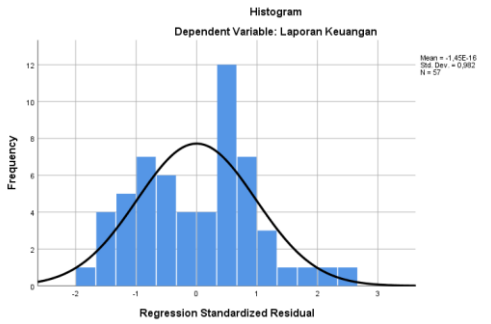

Figure 2. Histogram

To check whether multicollinearity occurs or not, you can look at the values Variance Inflation Factor (VIF). A VIF value of more than 10 indicates that variable Y has multicollinearity

Table 5. Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Effectiveness	,943	1,061
	Efficiency	,943	1,061

Source : Data processed

Pay attention to the table below, it is known that the VIF value of variables X1 and and X2 is because all VIF values < 10, it is concluded that there is no multicollinearity

In this heteroscedasticity test, the Glejser statistical test is used. The Glejser statistical test was chosen because it can guarantee the accuracy of the results compared to the graph plot test which can cause bias. The Glejser statistical test is carried out by regressing variable X on its residual absolute value on variable Y (Ghozali, 2018). The criteria used to state whether heteroscedasticity occurs or not among observational data can be explained using the significance coefficient. The significance coefficient must be compared with the previously established significance level of 5%. If the significance coefficient is greater than the specified significance level, it can be concluded that homoscedasticity (no heteroscedasticity occurs). However, if the significance coefficient is smaller than the specified significance level, it can be concluded that heteroscedasticity has occurred

Table 6. Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	4,057	2,131		1,904	,062		
	Effectiveness	,056	,064	,121	,876	,385	,943	1,061
	Efficiency	-,122	,112	-,151	-1,092	,280	,943	1,061

a. Dependent Variable: abs_res

Source : Data processed

Based on the table above, the sig value is known. The Glejser of variable X1 is 0.385 and the Glejser sig value of variable X2 is 0.280. It is known that all Glejser sig values for each variable X are above 0.05, so it can be concluded that heteroscedasticity does not occur.

The autocorrelation test is a regression analysis to find out whether there is a correlation between the residuals in a certain period and the residuals in the previous period. This test is carried out on time series data

Table 7. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,455[a]	,207	,177	5,29352	1,788

a. Predictors: (Constant), Efficiency, Effectiveness
b. Dependent Variable: Financial reports

Source : Data processed

For the autocorrelation test, look at the results of Durbin Watson's calculations, where the results of the calculations are the DW value in the research, the numbers are greater than 1 and smaller than 3, which is concluded with the following formula: 1 < DW < 3. Because the DW in this study is in a position like this 1 < 1.788 < 3, there is no autocorrelation

Multiple Linear Regression Analysis

The analytical method used in this research is to use multiple linear regression analysis (multiple linear regression). Multiple linear regression analysis is used if the number of independent variables is at least 2 (two). Using multiple linear regression analysis is intended to determine the influence of variable X on variable Y. The table below is the result of multiple linear regression analysis.

Table 8. Multiple linear regression analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	6,548	4,032		1,624	,110		
	Effectiveness	,264	,122	,271	2,170	,034	,943	1,061
	Efficiency	,519	,211	,306	2,452	,017	,943	1,061

a. Dependent Variable: Financial reports

Source : Data processed

Based on the table above, the multiple linear regression equation is obtained as follows :

$$\mathbf{Y = 6{,}548 + 0{,}264\ X1 + 0{,}519\ X2 + e}$$

It is known that the constant value is 6.548. This value can be interpreted as if X1 and X2 have no effect on variable Y, then the value of variable Y is 6.548. It is known that the regression coefficient value of variable X1 is 0.264, which is positive. This can be interpreted as when X1 increases by 1 unit, variable Y tends to increase by 0.264. It is known that the regression coefficient value of the variable X2 is 0.519, which is positive. This can be interpreted as when X2 increases by 1 unit, variable Y tends to increase by 0.519.

Analysis of the Coefficient of Determination

The coefficient of determination (R2) is a value (proportion value) that measures the ability of the independent variable used in the regression equation to explain variations in the dependent variable

Table 9. Coefficient of determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,455[a]	,207	,177	5,29352	1,788

a. Predictors: (Constant), Efficiency, Effectiveness
b. Dependent Variable: Financial reports

Source : Data processed

From this table, it is known that the coefficient of determination (R square) is 0.207. This value can be interpreted as variables X1 and and X2 is able to influence variable Y by 20.7% and the remaining 100% - 20.7% = 79.3% is explained by other variables or factors

Hypothesis Test : t - statistical, F - statistical and Beta Coefficient Test (Dominant)

The t statistical test is used to determine the level of significance of the influence of each independent variable on the dependent variable. The table presents the regression coefficient values and t statistical values for partial influence testing.

Table 10. t - statistical Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	6,548	4,032		1,624	,110		
	Effectiveness	,264	,122	,271	2,170	,034	,943	1,061
	Efficiency	,519	,211	,306	2,452	,017	,943	1,061

a. Dependent Variable: Financial reports

Source : Data processed

It is known that the regression coefficient value of variable X1 is 0.264 which is positive. This means that variable X1 has a positive effect on variable Y. It is known that the calculated t value is 2.170 > t table of 2.000 and the significance value is 0.034 < sig. 0.05 so it can be concluded that variable X1 has an effect and is significant on variable Y (Hypothesis accepted).

It is known that the regression coefficient value of variable X2 is 0.519 which is positive. This means that variable X2 has a positive effect on variable Y. It is known that the calculated t value is 2.452 > t table of 2.000 and the significance value is 0.017 < sig. 0.05 so it can be concluded that variable X2 has an effect and is significant on variable Y (Hypothesis accepted).

The F - statistical test aims to test the influence of variable X together (simultaneously) on variable Y

Table 11. F - statistical test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	394,319	2	197,160	7,036	,002[b]
	Residual	1513,154	54	28,021		
	Total	1907,474	56			

a. Dependent Variable: Financial reports

b. Predictors: (Constant), Efficiency, Effectiveness

Source : Data processed

Based on the table above, it is known that the calculated F value is 7.036 and the sig value. is 0.002, it is known that F count is 7.036 > F table is 3.168 and the sig value. is 0.002 < 0.05 so that X1 and X2 together (simultaneously) have an effect on variable Y

The Dominance Test is used to find out which variable has the most dominant influence on the dependent variable. To determine the independent variable that is most decisive (dominant) in influencing the value of the dependent variable in a linear regression model, use the Beta coefficient. This coefficient is called the standardized coefficient (Gunawan, 2017). From the table below, it can be seen which variables have a dominant influence between the effectiveness and efficiency variables on the preparation of digitalization-based financial reports.

Table 12. Beta Coefficient Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	6,548	4,032		1,624	,110		
	Effectiveness	,264	,122	,271	2,170	,034	,943	1,061
	Efficiency	,519	,211	,306	2,452	,017	,943	1,061

a. Dependent Variable: Financial reports

Source : Data processed

The results of testing the dominant variable from the Independent variable (X) to the dependent variable (Y) show that the independent variable that most dominantly influences the digitalization-based financial report preparation variable is the efficiency variable (X2) with a beta value of 0.306. So it can be explained that the efficiency variable (X2) has a dominant influence on the digitalization-based financial report preparation variable (Y)

DISCUSSION

H1 : The effectiveness variable has a partial and significant influence on the preparation of financial reports

Based on the results of the t-test, effectiveness (X1) shows a significance value of 0.034 <0.05) and a calculated t value of 2.170> t table 2.000 with a positive coefficient of 0.264. This indicates that improvements in aspects of effectiveness such as timeliness, suitability of the reporting system and ease of understanding the digital system will improve the quality of financial report preparation. In other words, the more effective the process carried out by the cooperative, the better the financial reports produced. This is in line with the findings (Audrey Sazkhya Sinaga et al., 2023; Fettry & Djuitaningsih, 2019) that the clarity of digital procedures can facilitate decision making based on financial data. The implications of the research results include: Local governments and training institutions need to pay attention to the design of effective digitalization training, not just formalities. Training materials must be adjusted to the abilities and backgrounds of cooperative participants, so that they can be applied practically and directly support the financial reporting process; Digital accounting applications used by cooperatives must have features that support the speed of information access, accuracy of report output, and ease of use by lay users, so that the effectiveness of the system is guaranteed; and cooperative stakeholders must also encourage the internalization of a work culture that is adaptive to digitalization so that the use of the system can take place consistently and not seasonally.

H2 : The efficiency variable has a partial and significant influence on the preparation of financial reports

Efficiency (X2) shows stronger results with a significance value of 0.017 and a t-value of 2.452> t table 2.000 with a regression coefficient of 0.519, which means that its influence on the preparation of digital financial reports is greater than effectiveness. This illustrates that saving time, operational costs and energy in preparing reports through a digital system is a more determining key factor. High efficiency allows cooperative actors to carry out financial administrative functions more lightly but still accurately. In accordance with research (Agus et al., 2024; Oktaviani et al., 2024) regarding the role of digital accounting application efficiency in SME operations. The implications of the research results include: Time and cost efficiency are the main priorities in implementing a digital reporting

system. Therefore, cooperatives should be directed to use applications that not only save on licensing costs, but also minimize the burden of long-term training or mentoring; Hardware and internet networks need to be optimized by local governments or related technical services so that cooperatives can carry out digital reporting without being constrained by basic technology limitations; and the cooperative's financial administration work pattern can be rearranged to take advantage of digital efficiency, such as reducing manual recording and physical archiving, which has so far hampered the speed and accuracy of reporting.

H3 : The variables of effectiveness and efficiency have a simultaneous and significant influence on the preparation of financial reports

The F test analysis shows that simultaneously both variables have a significant effect on the dependent variable with a significance value of 0.002 <0.05 and a calculated F value of 7.036> F table 3.168. This confirms that the development of a financial reporting system cannot rely on just one aspect. Collaboration between process effectiveness and resource efficiency provides maximum contribution to the preparation of good and technology-based financial reports. These results are in line with research conducted by (Maulida et al., 2021; Pertiwi et al., 2023) which states that effectiveness and efficiency collaborate to contribute to the preparation of financial reports. The implications of the research results include: The approach to cooperative development must be holistic, emphasizing the synergy between effectiveness and efficiency. A digital system that is only fast (efficient) but not accurate (ineffective) or vice versa will still fail to meet the needs of cooperatives; Future cooperative digitalization policies need to be designed with a systemic approach; and The government needs to create cooperative digitalization performance indicators that include measures of effectiveness and efficiency so that there are objective measures to monitor the digitalization development program on an ongoing basis

H4 : Effectiveness is a variable that has a dominant influence on the preparation of financial reports

The standard beta coefficient shows that efficiency (β = 0.306) has a dominant influence compared to effectiveness (β = 0.271). This finding is relevant to the context of cooperatives in areas such as Pamekasan where limited human resources, budget and access to technology require the use of systems that are not only sophisticated but also resource efficient. This means that cooperatives will adopt digital systems more quickly if the system is proven to be efficient and practical to use.

CONCLUSION

Based on the results of the study of the influence of the Independent variable (X) on the dependent variable (Y), the researcher provides the following conclusions: 1. It is known that the coefficient of determination (R square) is 0.207; 2. It is known that the calculated F value is 7.036> F table of 3.168 and the sig. value is 0.002 <0.05 so that the X variable simultaneously affects the Y variable; 3. It is known that the regression coefficient value of the X1 variable is 0.264 which

is positive and the calculated t value is 2.170> t table 2.000 and the sig. value is 0.034 <0.05. So the X1 variable has an effect and is significant on the Y variable; 4. It is known that the regression coefficient value of the X2 variable is 0.519 which is positive and the calculated t value is 2.452> t table 2.000 and the sig. value is 0.017 <0.05. So the variable X2 has an influence and is significant to the variable Y; 5. The results of the dominant variable test show that the independent variable that most dominantly influences the variable of preparing digital-based financial reports is the efficiency variable (X2) with a beta value of 0.306. These results are evidence that training in digitalizing financial reports needs to be redesigned by emphasizing the efficiency aspect of system use and the digital system used should be selected based on its ability to simplify processes and save resources.

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