# Work Experience, Accounting Expertise, and Organizational Culture as Economic Factors in Improving Financial Statement Quality in Jayapura Cooperatives

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***Abstract:***

*This study aims to examine the effect of work experience, accounting understanding and organizational culture on the quality of financial reports in cooperatives in Jayapura city. This questionnaire was distributed to 60 respondents in 26 cooperatives consisting of cooperative leaders, staff involved in the preparation of financial reports and cooperatives that have published financial reports. The sampling technique used purposive sampling. Data processing in this study used the WarpPLS 8.0 software application. The results of the study showed that work experience did not show a significant effect on the quality of financial reports in cooperatives while accounting understanding and organizational culture had a significant effect on the quality of financial reports in cooperatives in this study.*

***Keywords:*** *Work Experience, Accounting Understanding, Organizational Culture, Financial Report Quality.*

## 1. Introduction

Cooperatives are increasingly gaining attention as one of the key corporate structures, especially in light of innovation-driven economic development. A cooperative is an organization made up of individuals or legal entities that operates based on shared principles and values such as mutual benefit, family-oriented relationships, and community-driven goals. Its core mission is to improve the welfare of its members while supporting national economic growth and long-term development (Handayani, Ismawati, & M., 2022; Agustini, Purnamawati, & Economy, 2022).

In Jayapura City, the rise of registered cooperatives is aligned with the local government's vision to build a reliable, united, independent, and modern city through community empowerment. These cooperatives play a critical role in strengthening the local regulatory framework and advancing Micro, Small, and Medium Enterprises

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(MSMEs) (Aisyah et al., 2024). Indonesian legal policies actively support the protection and empowerment of cooperatives and MSMEs, recognizing them as vital to the national economy (Riyadi, 2020).

Effective financial management in cooperatives is deeply rooted in accurate and standardized accounting practices. Financial records must be systematically maintained and comply with applicable accounting standards such as the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) (Mutiari & Yudantara, 2021). Adequate accounting knowledge enables individuals to prepare reliable financial reports, which are essential for decision-making (Sari, 2018; Dewi & R. T., 2020).

However, practical challenges remain. The Koteka Jaya Cooperative, established in 2007 in Abepura Village, Jayapura City, operates in savings and trading. Despite its potential, field observations have uncovered serious issues in its accounting practices, such as the absence of inventory records, incomplete transaction logs, and a lack of supporting documentation for payables (Aulia, 2023). These issues are often linked to limited accounting knowledge among cooperative staff (Nuraini & A., 2021).

The quality of financial statements significantly depends on the competencies of those responsible for preparing them—especially their supervisory roles, accounting expertise, and work experience (Prilyningrum & Ernawatiningsih, 2021). Education and experience are integral to improving organizational performance (Budiono et al., 2018; Nugroho, 2019), and practical experience enhances the ability to apply accounting principles effectively (Marlina, 2017).

Meanwhile, digital innovation remains underutilized by many cooperatives and MSMEs, often due to financial constraints, lack of technical skills, or insufficient system integration (Sari, Suryandari, & Putra, 2021). Yet, the adoption of accounting information systems has proven to be a key driver of improved reporting quality (Irmawati, Falah, & P., 2018; Indrasari, 2023).

Organizational culture also plays a significant role in shaping how effectively financial systems are implemented. A positive and supportive culture can improve the quality and accuracy of financial reporting (Rahman & Sari, 2018; Muis, Jufrizen, & Fahmi, 2018; Rusdian & Akmaludin, 2023). When accountability and transparency are deeply embedded in an organization's values, accounting systems are more likely to be applied consistently (Nurahmah et al., 2021).

High-quality financial statements are not only a reflection of a cooperative's financial condition but are also vital tools for strategic decision-making by stakeholders (Putri, 2020). Such reports must be relevant, reliable, and easy to understand to serve their purpose (Wahyudi, 2017).

Despite this, many cooperatives and MSMEs still struggle to produce standard-compliant financial reports. Often, only basic financial records are kept, lacking

structure or adherence to formal standards. These limitations typically stem from insufficient accounting knowledge, minimal experience, and an unsupportive organizational culture (Wibowo, 2021).

This study aims to explore the specific challenges faced by cooperatives in Jayapura City regarding financial reporting. By focusing on cooperatives that already produce financial statements, the research seeks to evaluate the current quality of these reports and recommend strategies for improvement (Aisyah et al., 2024).

## 2. Theoretical Background

**Agency Theory**

Agency Theory, developed by Jensen and Meckling in 1976, sees a mismatch between principal and agent, in this case IAI as the principal and MSMEs as the agent. theory This states that both must work together to achieve the same goal. Due to the causes the lack of mutual trust, close supervision is required, which principal to try to monitor all agent activities. Therefore, IAI issued SAK EMKM as the basis for recording financial statements, and MSMEs are expected to use IAI-approved standards to improve the quality of their financial statements. Research supporting the study by Jensen & Meckling (1976) explains that the problem of asymmetric information between the principal and the improvement of agent can be minimised through strict supervision and agent skills in terms of reporting (Ghozali, 2020). Research by Wardhani (2008) shows that agent competence in accounting has impact anon the accuracy of financial reports, so competent agents can reduce the risk of agency conflicts. This study focuses on how auditor competence and independence contribute to improving audit , qualityby ensuring that financial statements reflect actual conditions.

**Stewardship Theory**

Stewardship Theory (Donaldson & Davis, 1991) illustrates that stewards or managers act based on organisational goals, not just personal interests. The concept of Stewardship philosophy is rooted in the notion that humans are reliable, honest, and capable of acting sincerely for the benefit of the organisation. Overall, Stewardship Theory sees that administration can act based on legitimate concern for society and investors (Daniri, 2005). This research explains the role of cooperatives as institutions that can be trusted to carry out their duties and functions properlyproper , ensuring and maximum financial accountability in achieving economic and public service goals (Sudaryo & Sjarif, 2017). Research by Davis, Schoorman, & Donaldson (1997) shows that when agents feel trusted and supported by the organisation, they are more likely to act as stewards who produce decisions in accordance with the interests of the principal. theory This explains the relationship between principals (cooperative members) and stewards (administrators) who act to provide maximum benefits to the organisation, not for personal gain.

## Accounting Understanding

According to the General Indonesian Dictionary (Poerwadaminta, 2006), "understand" means clever and understand correctly, while "understanding" is the process or way of understanding something. Accounting understanding is the level of expertise in mastering or really understanding bookkeeping, from recording transactions to preparing financial reports (Aisyah et al., 2024). People who have an understanding of accounting are individuals who have expertise in making appropriate financial reports in accordance with applicable standards. In this context, accounting understanding also includes an individual's ability to interpret, collect, summarise, disclose and capture financial information.

## Work Experience

Work experience greatly affects a person's personality and performance. The longer someone works in their field, the better their performance. Research conducted by Marlina (2017) and Sari et al. (2021) shows that work experience has an impact on the quality of bookkeeping. Work experience refers to the level of mastery of knowledge and skills that a person has in his job, which can be measured through tenure and level of expertise (Sofiah & Murniati, 2014). This experience also strengthens the understanding of bookkeeping among MSMEs (Lestanti, 2015).

## Organisational Culture

culture Organisational is a framework that relates to values, beliefs, and assumptions that are used as a basis for each individual in the organisation to overcome problems. Organisational culture is very important in determining the success or failure of the company in the future (Sutrisno, 2010). In organisational culture, there are seven main qualities: courage to face challenges, focus on small things, focus on results, place individuals, organise groups, have strength, and solidity (Sulaksono, 2019). Organisational culture affects work processes and the quality of financial reports. When organisational culture is implementedwell , it can strengthen the quality of financial reports and improve the efficiency and reliability of those reports.

## Quality of Financial Statements

Quality financial statements are important for organisational transparency and accountability. SAK EMKM as one of the applicable accounting standards emphasises the importance of separating sole proprietor resources from business resources, as well as managing resources between business elements. In accordance with PSAK No. 1 (2015), financial statements must be able to accurately reflect the financial status and performance of the company. The quality of financial statements is influenced by several factors, such as compliance with applicable regulations and the adoption of appropriate accounting standards. A good financial report includes a

statement of financial position, income statement, , cash and flow statementnotes to the financial statements.

**The Relationship of Work Experience and Accounting Understanding to the Quality of Financial Statements**

Research by Aisyah et al. (2024) shows that work experience and accounting understanding affect the quality of MSME in the Medan Deli area. financial reports Research by Aulia (2023) concluded that organisational culture affects the performance of financial managers. Jenny Maulany Indrasari's research (2023) shows that organisational culture has a positive effect on the quality of financial reports. Research by Agustini et al. (2022) shows that accounting understanding and organisational culture have a positive effect on the implementation of SAK EMKM.
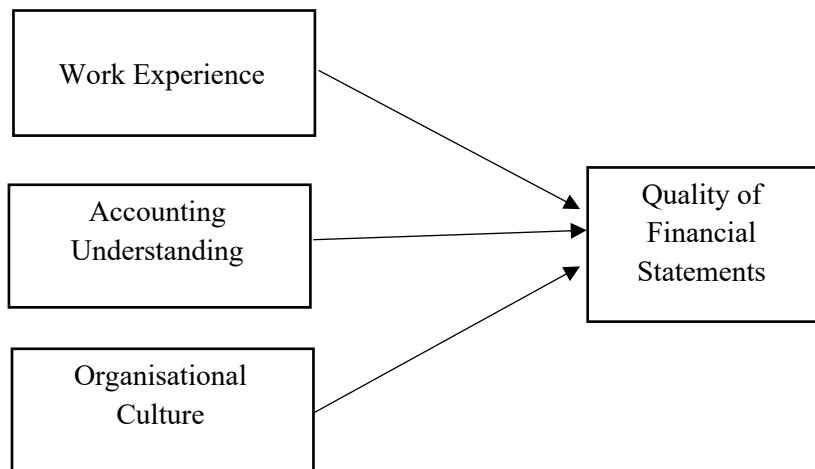


**Figure 1. Research model**
(Source: Researcher, 2024)

## 3. Methodology

The type of research used is survey research. Survey research aims to obtain information about certain variables by collecting data from samples taken from the existing population. The approach used in this research is a quantitative approach, where data is collected through questionnaire instruments given to respondents consisting of administrators and staff of cooperatives registered in Jayapura City. The data collected is primary data, which is obtained directly from respondents through questionnaires or questionnaires. The questionnaire contains questions that are relevant to the research objectives and will be filled in by respondents who match the research criteria.

**Research Location**
This research was conducted in cooperatives registered at the OfficeJayapura City . Cooperative The selection of this location was based on the importance of cooperatives as a growing economic sector in Jayapura City, so the results of the study are expected to contribute to the development of cooperatives in  regionthe.

**Population and Sample**
The population in this study refers to all objects or individuals that are a source of information relevant to the research topic. In this case, the population used is all cooperatives registered at the OfficeJayapura City , which Cooperative totals 244 cooperatives. All these cooperatives are considered as units that have relevant information for research on financial report management and cooperative performance in Jayapura City.

The sample is a small part of the population that is systematically selected to represent the population. In this study, the sample taken was 26 cooperatives, which were selected by purposive sampling. The purposive sampling technique is used to select samples based on certain criteria that are considered relevant to the research objectives (Amirullah, 2019). sample The selected will distribute questionnaires to 60 respondents consisting of:
1. Co-operative leaders who have the authority to make decisions.
2. Staff involved in the preparation of co-operative financial statements.
3. The party responsible for issuing the co-operative's financial statements.

**Data Collection Technique**
The data in this study will be collected through a questionnaire that adopts the Likert Scale.  Likert scale Theis used to measure the attitudes, views, and perceptions of respondents to a series of statements submitted in the questionnaire. Each statement in the questionnaire will have five answer options that reflect the respondent's .level of agreement with the statement
The following is an explanation of the Likert Scale used in this study:

**Table 1.InterpretationLikert Scale Score**

| Description | Score |
|---|---|
| Strongly Disagree (STS) | 1 |
| Disagree (TS) | 2 |
| Disagree (KS) | 3 |
| Agree (S) | 4 |
| Strongly Agree (SS) | 5 |

Source: Sugiyono (2016)

This Likert scale will be used to assess the extent to which respondents agree or disagree with various statements related to the management of financial statements in cooperatives. have been The questionnaires that distributed will be collected and analysed to obtain valid and datareliable , which is then used for further statistical analysis (Sugiyono, 2007).

**Data Analysis Technique**

For data , analysisthis study will use the WarpPLS 8.0 , which programmeis software used to test structural models and relationships between variables. Data analysis will be conducted in the following stages:

1.  Data Eligibility Test
    a)  Validity validity Test The test is used to measure the extent to which the research instrument, in this case a questionnaire, can accurately reveal the variables to be measured. There are two types of validity tested:
        1)  Convergent Validity, which is measured by looking at the AVE (Average Variance Extracted) and loading factor. value Convergent validity is considered achieved if the AVE $\geq 0.50$ and the loading factor is $\geq 0.70$.value is
        2)  Discriminant , which is Validitymeasured by looking at cross loadings. Discriminant validity is considered achieved is if the square root of the AVE greater than the correlation between latent , and variablesthe cross loadings values show the corresponding results.
    b)  Reliability test Reliability test is used to measure the consistency and accuracy of research instruments. In WarpPLS, the test reliability can be done by two methods:
        1)  Cronbach's Alpha, which measures the lower limit of a construct's reliability. A construct is considered reliable if the Cronbach's alpha value is more than 0.6.
        2)  Composite Reliability, which measures the true reliability of the construct. A construct is considered reliable if the composite reliability value is more than 0.7.
2.  Hypothesis Test
    1.  The . The t test is also t test is used to test whether there is a significant relationship between the variables in the research structural modelused to assess the significance of the path coefficient. The more greater the t , valuethe likely the relationship between these variables is significant.
    2.  Structural Model Test (Inner Model) Model fit is used to evaluate the extent to which the model developed is in accordance with the empirical data obtained. If the model fits, it indicates that the model can explain the variation in the data well. Conversely, if the model does not fit, it is necessary to improve or revise the model.
    3.  Test Coefficient of Determination ($R^2$) The coefficient of determination ($R^2$) is used to measure how much variation in the dependent variable can be explained by the independent variables in the model. $R^2$ value Theranges from 0 to 1, with a higher value indicating that the model is able to better explain the variation in the dependent variable. If the $R^2$ value is low, this indicates that the model has limitations in explaining the variance of the dependent variable (Ghozali, 2016).

## 4. Empirical Findings/Results

### Descriptive Research

In this study, the data was collected by researchers by distributing questionnaires to Cooperative Leaders, Staff involved in Preparing Financial Statements and Cooperatives that have Published Financial Statements located in Jayapura City. This study used 60 questionnaires

**Table 2. Research Test Results Based on Cooperatives**

| Co-operative | Frequency | Percentage |
|---|---|---|
| Gelekat Lewo | 2 | 3,33% |
| Kartika Jayapura | 2 | 3,33% |
| Kartika Likhita B. Yudha Karya | 2 | 3,33% |
| Gotong Royong | 2 | 3,33% |
| Kartika Praja Wira Yakthi | 2 | 3,33% |
| Karsa | 2 | 3,33% |
| Kop. Iwa Logos Youth | 2 | 3,33% |
| Kartika Dharma Nusa | 2 | 3,33% |
| Ksu Aneka Usaha Mandiri Pniel | 2 | 3,33% |
| Kartika Pinaka Wira Tama 17 | 2 | 3,33% |
| Kartika Ksatria Yudha Dharma | 2 | 3,33% |
| Kartika Satya Wira Wibawa | 2 | 3,33% |
| Kartika Yudha Karya S. Bhakti | 2 | 3,33% |
| Kartika Dharma Gati | 2 | 3,33% |
| Kartika Hesti Wira Sakti | 2 | 3,33% |
| Kartika Vijaya Kusuma | 2 | 3,33% |
| Kartika Dwi Cakti Bhakti | 2 | 3,33% |
| Kpn Teratai | 2 | 3,33% |
| Kpn Wiyata Usaha | 3 | 5% |
| Berkah Tunggal Abadi | 3 | 5% |
| Kartika Matoa | 3 | 5% |
| Primkopal Mako Lantamal X | 3 | 5% |
| Kartika Catur Brata | 3 | 5% |
| Young Buds | 3 | 5% |
| Kpn Usaha Bersama SMK 2 | 3 | 5% |
| Kpn Wahana | 3 | 5% |
| **Total** | **60** | **100%** |

Source: Data processed (2024)

Based on the data above, it can be seen that of the 60 respondents who have filled out the questionnaire, they come from 26 different cooperatives in Jayapura City. A total of 18 cooperatives accounted for 2 respondents each, which means each of these cooperatives accounted for 3.33% of the total respondents. These cooperatives include Gelekat Lewo, Kartika Jayapura, Kartika Likhita B. Yudha Karya, Gotong Royong, Kartika Praja Wira Yakthi, and others. Meanwhile, there were 8 cooperatives that contributed 3 respondents each, namely KPN Wiyata Usaha, Berkah Tunggal Abadi, Kartika Matoa, Primkopal Mako Lantamal X, Kartika Catur Brata, Tunas Muda, KPN Usaha Bersama SMK 2, and KPN Wahana. Each of these cooperatives accounted for 5% of the total respondents.

**Analysis of Respondent Data Characteristics**

This data delineation is useful to provide better guidance on research data for easy understanding. Respondent data obtained from cooperatives in Jayapura City are generally grouped into age groups, gender, education level, length of service and position. The following respondent data is presented in the table.

**Table 3. Respondent Data Based on Age Group**

| No. | Age | Frequency | Percentage |
|-----|-----|-----------|------------|
| 1. | 21 - 30 years | 32 | 53,33% |
| 2. | 31 - 40 years | 16 | 26,67% |
| 3. | 41 - 50 years | 7 | 11,67% |
| 4. | Above 50 years old | 5 | 8,33% |
| | **Total** | 60 | 100% |

Source: Data processed (2024)

Based on the age data of the respondents, it can be seen that of the total 60 respondents who have filled out the questionnaire in this study, the majority of respondents are in the age range of 21-30 years, with a total of 32 people or 53.33%. Respondents in the 31-40 year age range totalled 16 people or 26.67%. Respondents aged between 41-50 years were 7 people or 11.67%. Meanwhile, respondents aged over 50 years were 5 people or 8.33%. Thus, it can be concluded that the majority of respondents in this study are those aged 21-30 years.

**Table 4. Respondent Data Based on Gender**

| No. | Gender | Frequency | Percentage |
|-----|--------|-----------|------------|
| 1. | Men | 34 | 56,67% |
| 2. | Women | 26 | 43,33% |
| | Total | 60 | 100% |

Source: Data processed (2024)

Based on the data above, it can be seen that of the 60 respondents who have filled out the questionnaire in this study, the majority of respondents are male with a total of 34 people or 56.67% of the total respondents. Meanwhile, female respondents totalled 26 people or 43.33%.

**Table 5. Respondent Data Based on Education**

| No. | Education | Frequency | Percentage |
|-----|-----------|-----------|------------|
| 1. | High School Level | 23 | 38,33% |
| 2. | Diploma 3 | 0 | 0% |
| 3. | Bachelor's Degree | 36 | 60% |
| 4. | Postgraduate | 1 | 1,67% |
| | Total | 60 | 100% |

Source: Data processed (2024)

Based on the data above, it can be seen that of the 60 respondents who have filled out the questionnaire, the majority of respondents have a Bachelor's degree (S1), with a total of 36 people or 60% of the total respondents. A total of 23 respondents or 38.33% have a high school education level (SMA / SMK), while only 1 respondent or 1.67%

has a postgraduate education (S2). There are no respondents who have Diploma 3 (D3) education.

**Table 6. Respondent data based on length of service**

| No. | Period of Service | Frequency | Percentage |
|---|---|---|---|
| 1. | Less than 6 months | 2 | 3,33% |
| 2. | 6 months - 1 year | 16 | 26,67% |
| 3. | 1 - 3 years | 21 | 35% |
| 4. | 4 - 6 years | 5 | 8,33% |
| 5. | More than 6 years | 16 | 26,67% |
| | Total | 60 | 100% |

Source: Data processed (2024)

Based on the data above, it can be seen that out of a total of 60 respondents who have filled out the questionnaire in this study, there is a significant variation in the distribution of length of service. Only 2 respondents (3.33%) have a working period of less than 6 months. A total of 16 respondents (26.67%) have a working period between 6 months and 1 year. The majority of respondents, namely 21 people (35%), had a tenure between 1 to 3 years. In addition, there were 5 respondents (8.33%) with a working period between 4 to 6 years, as well as 16 respondents (26.67%) who had worked for more than 6 years.

**Table 7. Respondent Data Based on Position**

| No. | Position | Frequency | Percentage |
|---|---|---|---|
| 1. | Co-operative Leader | 8 | 13,33% |
| 2. | Co-operative Secretary | 9 | 15% |
| 3. | Cooperative Treasurer | 9 | 15% |
| 4. | Member of the Co-operative Board | 34 | 56,67% |
| | Total | 60 | 100% |

Source: Data processed (2024)

Based on the data above, it can be seen that of the total 60 respondents who have filled out the questionnaire in this study, most respondents, namely 34 people (56.67%), are members of the cooperative management. Furthermore, the cooperative leaders numbered 8 people (13.33%), while the secretary and treasurer of the cooperative each numbered 9 people (15%). Thus, this data shows that the majority of respondents are members of the cooperative management board, which plays an important role in the operational management of the cooperative.

**Variable Profile**

**Table 8. Data Profile Results**

| No. | Indicators | | Factor Loading | Averange | Recommendation for Cooperatives |
|---|---|---|---|---|---|
| 1. | Work Experience | X1.1 | 0.911 | 3,93 | Enhanced |
| 2. | | X1.2 | 0.874 | 4,07 | Retain |
| 3. | | X1.3 | 0.772 | 4,13 | Retain |
| 4. | | X2.1 | 0.845 | 3,92 | Enhanced |

| No. | Indicators | | Factor Loading | Averange | Recommendation for Cooperatives |
|---|---|---|---|---|---|
| 5. | Accounting | X2.2 | 0.931 | 4,08 | Retain |
| 6. | Understanding | X2.3 | 0.931 | 4,05 | Retain |
| 7. | Organisational Culture | X3.1 | 0.817 | 4,38 | Retain |
| 8. | | X3.2 | 0.914 | 4,57 | Retain |
| 9. | | X3.3 | 0.813 | 4.53 | Retain |
| 10. | Quality of Financial Statements | Y1 | 0.771 | 4.35 | Retain |
| 11. | | Y1 | 0.901 | 4.40 | Retain |
| 12. | | Y1 | 0.793 | 4.32 | Retain |

Source: Data processed (2024)

Based on the data profile table above, the conclusion is Work Experience and Accounting Understanding: Most indicators show that the co-operative needs to maintain existing levels, but some aspects in work experience and accounting understanding still need to be improved. Organisational Culture and Financial Statement Quality: Overall, organisational culture and financial statement quality in cooperatives are at a good level and should be maintained.

**Data Eligibility Test**
**Validity Test**
**Convergent Validity**
### Table 9. Convergent Validity Test Results

| No. | Indicators | | Factor Loading | P Value | Description |
|---|---|---|---|---|---|
| 1. | Work Experience | X1.1 | 0.911 | <0.001 | Valid |
| 2. | | X1.2 | 0.874 | <0.001 | Valid |
| 3. | | X1.3 | 0.772 | <0.001 | Valid |
| 4. | Accounting Understanding | X2.1 | 0.845 | <0.001 | Valid |
| 5. | | X2.2 | 0.931 | <0.001 | Valid |
| 6. | | X2.3 | 0.931 | <0.001 | Valid |
| 7. | Organisational Culture | X3.1 | 0.817 | <0.001 | Valid |
| 8. | | X3.2 | 0.914 | <0.001 | Valid |
| 9. | | X3.3 | 0.813 | <0.001 | Valid |
| 10. | Quality of Financial Statements | Y1 | 0.771 | <0.001 | Valid |
| 11. | | Y1 | 0.901 | <0.001 | Valid |
| 12. | | Y1 | 0.793 | <0.001 | Valid |

Source: Data processed (2024)

From the results of the Convergent Validity Test above, a decision is given based on All indicators (X1.1, X1.2, X1.3, X2.1, X2.2, X2.3, X3.1, X3.2, X3.3, Y1, Y2, Y3) are considered valid because they meet the criteria for factor loading $\geq 0.70$ and P-Value <0.05. Based on these criteria, it can be concluded that all indicators tested in the convergent validity test are eligible.

**Discriminant Validity**

**Table 10. Discriminant Validity Test Results on Work Experience**

| No. | Indicators | Loading | Cross Loading | | | Description |
|-----|-----------|---------|--------------|-----|-----|-------------|
| | | X1 | X2 | X3 | Y1 | |
| 1. | X1.1 | 0.911 | -0.148 | -0.101 | 0.103 | Valid |
| 2. | X1.2 | 0.874 | 0.257 | -0.211 | 0.218 | Valid |
| 3. | X1.3 | 0.772 | -0.117 | 0.358 | -0.369 | Valid |

Source: Data processed (2024)

**Table 11. Discriminant Validity Test Results on Accounting Understanding**

| No. | Indicators | Loading | Cross Loading | | | Description |
|-----|-----------|---------|--------------|-----|-----|-------------|
| | | X2 | X1 | X3 | Y1 | |
| 1. | X2.1 | 0.845 | 0.361 | -0.048 | 0.186 | Valid |
| 2. | X2.2 | 0.931 | -0.283 | -0.043 | 0.073 | Valid |
| 3. | X2.3 | 0.931 | -0.045 | 0.086 | -0.241 | Valid |

Source: Data processed (2024)

**Table 12. Results of Discriminant Validity Test on Organisational Culture**

| No. | Indicators | Loading | Cross Loading | | | Description |
|-----|-----------|---------|--------------|-----|-----|-------------|
| | | X3 | X1 | X2 | Y1 | |
| 1. | X3.1 | 0.817 | -0.027 | 0.075 | 0.081 | Valid |
| 2. | X3.2 | 0.914 | -0.046 | 0.098 | -0.019 | Valid |
| 3. | X3.3 | 0.813 | 0.078 | -0.186 | -0.060 | Valid |

Source: Data processed (2024)

**Table 13. Results of Discriminant Validity Test of Financial Statement Quality**

| No. | Indicators | Loading | Cross Loading | | | Description |
|-----|-----------|---------|--------------|-----|-----|-------------|
| | | Y1 | X1 | X2 | X3 | |
| 1. | Y1 | 0.771 | -0.239 | 0.221 | 0.141 | Valid |
| 2. | Y1 | 0.901 | -0.228 | 0.095 | -0.086 | Valid |
| 3. | Y1 | 0.793 | 0.491 | -0.324 | -0.040 | Valid |

Source: Data processed (2024)

The results of the Discriminant Validity Test above are taken based on the criteria:
1. Taken from each Indicator, if loading > cross loading then discriminant validity is valid.
2. Taken from Variables (X1,X2,X3) on Y1 turned out to be valid.

**Table 14. Root AVE and Correlation**

| No. | Variables | Root AVE | | | | Description |
|-----|-----------|----------|-----|-----|-----|-------------|
| | | X1 | X2 | X3 | Y1 | |
| 1. | X1 | 0.854 | 0.824 | -0.085 | 0.198 | Valid |
| 2. | X2 | 0.824 | 0.903 | 0.027 | 0.283 | Valid |
| 3. | X3 | -0.085 | 0.027 | 0.849 | 0.529 | Valid |
| 4. | Y1 | 0.198 | 0.283 | 0.529 | 0.823 | Valid |

Source: Data processed (2024)

From the results of the AVE Root and its correlation, it can be seen that each variable has a larger AVE with other variables. This is evidenced as in X1 which has an AVE root of 0.854 which is greater than the AVE roots of other variables.

**Reliability Test**
**Composite Reliability**

**Table 15. Composite Reliability coefficies**

| No. | Variables | Composite Reliability coefficies | Description |
|-----|-----------|----------------------------------|-------------|
| 1.  | X1        | 0.890                            | Reliable    |
| 2.  | X2        | 0.930                            | Reliable    |
| 3.  | X3        | 0.886                            | Reliable    |
| 4.  | Y1        | 0.863                            | Reliable    |

Source: Data processed (2024)

From the Composite Reliability results in the table above, it can be seen that all of the coefficients above are greater than 0.7 so that they meet the Composite Reliability criteria.

**Cronbach's alpha coefficients**

**Table 16. Cronbach's alpha coefficies results**

| No. | Variables | Cronbach's alpha coefficies | Description |
|-----|-----------|------------------------------|-------------|
| 1.  | X1        | 0,812                        | Reliable    |
| 2.  | X2        | 0,886                        | Reliable    |
| 3.  | X3        | 0,805                        | Reliable    |
| 4.  | Y1        | 0,760                        | Reliable    |

Source: Data processed (2024)

From the results of Cronbach's alpha coefficients in the table above, it can be seen that all coefficients are above or greater than 0.6 so that they meet the criteria for Cronbach's alpha coefficients.

**Hypothesis Test**
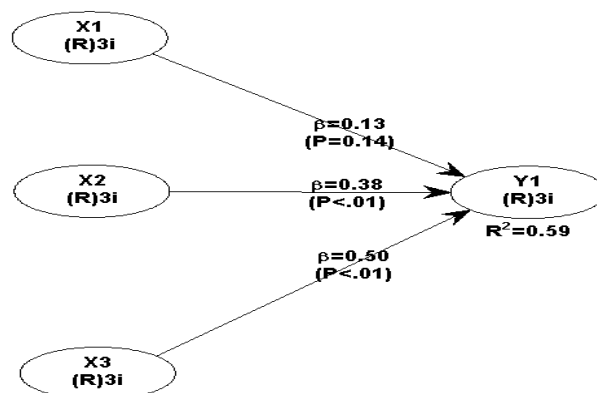


**Hypothesis Test Results**
Source: Data processed (2024)

**Inner Model**

### Table 17. Model Fit and quallity Indices

| No. | Model Fit and quality Indices | Fit Criteria | Analysis Result | Description |
|---|---|---|---|---|
| 1 | Average path coefficient (APC) | P<0,05 | 0.336 (P<0.001) | Qualified model fit |
| 2 | Average R-squared (ARS) | P<0,05 | 0.587 (P<0.001) | Qualified model fit |
| 3 | Average adjusted R-squared (AARS) | P<0,05 | 0.565 (P<0.001) | Qualified model fit |
| 4 | Average block VIF (AVIF) | acceptable if <=5, ideally <=3.3 | 1.566 | ideal |
| 5 | Average full collinearity VIF (AFVIF) | acceptable if <= 5, ideally <= 3.3 | 2.384 | ideal |
| 6 | Tenenhaus GoF (GoF) | small >= 0.1, medium >= 0.25, large >= 0.36 | 0.657 | large |
| 7 | Simpson's paradox ratio (SPR) | acceptable if >= 0.7, ideally = 1 | 1.000 | ideal |
| 8 | R-squared contribution ratio (RSCR) | acceptable if >= 0.9, ideally = 1 | 1.000 | ideal |
| 9 | Statistical suppression ratio (SSR) | acceptable if >= 0.7 | 1.000 | Accepted |
| 10 | Nonlinear bivariate causality direction ratio (NLBCDR) | acceptable if >= 0.7 | 1.000 | Accepted |

Source: Data processed (2024)

**Test t**

### Table 18: Inter-variable Relationship Results

| No. | Relationship between Variables (Exogenous VariablesVariables-Endogenous) | | Path coefficient | P-value | Description |
|---|---|---|---|---|---|
| 1. | X1 | Y1 | 0.133 | 0.143 | Rejected |
| 2. | X2 | Y1 | 0.378 | <0.001 | Accepted |
| 3. | X3 | Y1 | 0.498 | <0.001 | Accepted |

Source: Data processed (2024)

Description:
≤1% (0.01) Highly Significant
≤5% (0.05) Significant
>10% (0.1) Not Significant

From the results of the hypothesis test above, the interpretation can be further explained as follows:

a.  H1 = No Effect (X1) on (Y1)

No The effect of (X1) on (Y1) has a path coefficient of 0.133 and p>0.143. Since it is greater than 0.01, it is said to be insignificant, so the hypothesis is rejected.

The negative path coefficient (0.133) does not mean anything between the influence of X1 on Y1 is decreasing.

b. H2 = Effect of (X2) on (Y1)

The effect of (X2) on (Y1) has a path coefficient of 0.378 and p<0.001. Since p is less than 0.01, it is said to be very significant, so the hypothesis is accepted. The path coefficient is positive (0.378), which means that X2 is very good for Y1 to increase.

c. H3 = Effect (X3) on (Y1)

The effect of (X3) on (Y1) has a path coefficient of 0.498 and p<0.001. Since p is less than 0.01, it is said to be very significant, so the hypothesis is accepted. The positive path coefficient (0.498) means that the excellent X3 on Y1 is increasing.

**Determinant Coefficient Test**

**Table 19. Determinant Coefficient Test Results**

| Endogenous Variable | Exogenous Variables | R-squared (R²) | Description |
|---|---|---|---|
| Quality of Statements | Work Experience, Accounting Understanding, Culture | 0.565 | Medium influence 57% |

Source: Data processed (2024)

The Coefficient of Determination (R-squared/$R^2$) test in WarpPLS measures how much the independent (exogenous) variables are able to explain the dependent (endogenous) variables. The $R^2$ value ranges from 0 to 1, with the following interpretation:

1) $R^2 = 0.75$: Strong influence
2) $R^2 = 0.50$: Moderate influence
3) $R^2 = 0.25$: Weak influence

So the Coefficient of Determination test is at a moderate influence of 59% after being measured.

## 5. Discussion

Hypothesis 1 states that the Effect of Work Experience on the Quality of Financial Statements at Cooperatives in Jayapura City. The results showed that work experience did not have a significant effect on the quality of financial reports in cooperatives in Jayapura City. This study also proves that the results of Path Coefficients and P-value obtained a path coefficient value for work experience of 0.133 and p> 0.143 with a significant value greater than 0.01. This indicates that the work experience variable does not have a significant effect on the quality of financial statements in the Cooperative. This shows that the work experience variable has no significant effect on the quality of financial reports at the Cooperative. Although previously there was research that examined the effect of work experience on the quality of financial statements which had a significant effect, this study was inversely proportional and insignificant. The results of the study (Aisyah et al., 2024) and (Nuraini, 2021) This shows how work experience has an impact on the quality of financial statements. while other researchers work experience has no significant effect on the quality of

financial statements. This is in line with research conducted by Putri, D.A. (2020) and Nugroho, H. (2019) who also found that work experience had no significant effect. Thus, even though the indicators of work experience such as length of service, positions held, type of work performed, training experience, involvement in decision making and financial statements, the results still show a negative and insignificant effect. This indicates that although work experience is measured by appropriate indicators, its implementation in the field is not sufficient enough to have a significant impact on the quality of financial statements in cooperatives.

Hypothesis 2 states that the Effect of Accounting Understanding on the Quality of Financial Statements on Cooperatives in Jayapura City. The results showed that accounting understanding has a positive and significant effect on the quality of financial statements in cooperatives in Jayapura City. This study also proves that the results of Path Coefficients and P-value obtained a path coefficient value for accounting understanding of 0.378 and p <0.001 with a significant value smaller than 0.01. This shows that the accounting understanding variable has a very significant effect on the quality of financial statements in the Cooperative. The same previous researchers examined the effect of accounting understanding on the quality of financial statements significantly. The results of this study (Aisyah et al., 2024) and (Agustini et al., 2022) prove that accounting understanding affects the quality of financial statements. Indicators of accounting understanding such as a person understands the accounting concepts, principles, and practices needed to prepare and analyse financial statements. These results indicate that cooperatives in Jayapura City have a good understanding of accounting, thus enabling the improvement of the quality of financial statements in cooperatives through the accounting understanding of the accounting principles and practices of each member in their cooperatives.

Hypothesis 3 states that the Effect of Organisational Culture on the Quality of Financial Statements at Cooperatives in Jayapura City. The results showed that organisational culture has a positive and very significant influence on the quality of financial reports on cooperatives in Jayapura City. In this study also proves that the results of Path Coefficients and P-value, obtained a path coefficient value for organisational culture of 0.498 and p <0.001 with a significant value smaller than 0.01. This shows that organisational culture has a very significant effect on the quality of financial reports in cooperatives. The same previous researchers examined the effect of organisational culture on the quality of financial reports significantly. The results of the study (Jenny Maulany Indrasari, 2023) and (Agustini et al., 2022) his research to examine the effect of Organisational Culture has a significant effect on the Quality of Financial Statements. However, there is one study that different research results (Prilyningrum & Ernawatiningsih, 2021) show that organisational culture variables have no effect on the effectiveness of accounting information systems. Indicators of organisational culture such as cooperation and mutual cooperation, concern for members, commitment to the vision and mission of the cooperative, a culture of compliance with rules, and innovation and continuous learning. These results indicate that cooperatives in Jayapura City have a good organisational culture, making it possible to improve the quality of financial statements in cooperatives through the

organisational culture of cooperation and responsibility of each member in the cooperative.

## 6. Conclusions

Based on hypothesis testing and the results of the analysis that has been carried out, it can be concluded that there are several important things about the influence of certain factors on the quality of cooperative financial reports in CityJayapura . First, work experience does not have a significant effect on the quality of financial statements in in Jayapura City. cooperatives This suggests that although work experience can affect performance, this factor is not strong enough to directly affect the quality of financial statements. Second, accounting understanding is shown to have a positive and significant influence on the quality of cooperative financial statements. This indicates that better knowledge of accounting contributes to improving the quality of financial statements. Third, organisational culture also has a highly significant positive influence on the quality of financial statements. This suggests that a culture that supports transparency, collaboration, and good management is essential to improving the quality of co-operative financial statements. additionIn, based on data from the 26 cooperatives included in this study, there are 15 cooperatives that are part of the TNI. These cooperatives have demonstrated a good commitment to preparing financial statements regularly and according to applicable procedures, reflecting the application of the principles of transparent and accountable financial management.

In conducting this research, there are several limitations that need to be considered. First, this study only focuses on three independent variables, namely work experience, accounting understanding, and organisational culture. Other that variables may affect the quality of financial statements, such as technology, , internal policiesor external factors such as economic conditions, were not investigated. Second, this study focuses more on quantitative aspects, so some qualitative aspects that are important in understanding the variables studied in depth may be overlooked.

Based on the findings and analyses in this study, several suggestions can be made. First, for the cooperative's work experience, it is recommended to provide a more in-depth training programme to improve staff skills and work experience. additionIn, the co-operative should increase staff involvement in decision-making related to financial statements so that they better understand the reporting process. The implementation of job rotation can also be a solution to enrich staff work experience in various aspects of cooperative operations. Second, with regard to accounting understanding, the co-operative needs to conduct regular training on accounting principles and practices to ensure a deeper understanding. additionIn, staff should be encouraged to take accounting certifications or courses to update their knowledge. The implementation of an easily accessible technology-based accounting system will go also a long way in improving accounting understanding. Third, in terms of organisational culture, cooperatives need to continue strengthening the culture of cooperation and gotong royong through internal that activities support collaboration

among members. Embedding the values of vision and mission consistently in daily activities is also very important. Finally, for future research, it is recommended to use more diverse measurement methods, in addition to questionnaires, to further ensure the quality of financial statements in cooperatives. Future research is also expected to add other that independent variables can affect the quality of cooperative financial statements, which have not been examined in this study.

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