



# How Does Green Human Resources Important in Green Financial Reporting: Evidence from A Conservation University

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**Abstract.** Conservation University describes a university that promotes environmentally friendly business processes. This process relies on quality human resources. This research aims to examine the influence of green human resources on the green financial reporting. Furthermore, this study adds a moderating variable, namely internal control. This research uses primary data in the form of a questionnaire. This research uses 88 respondents including employee from finance and accounting in eight faculties, one postgraduate, two institution and one bureau. This paper applies convenience sampling with 82 respondents at Universitas Negeri Semarang. Data analysis uses regression model with WarpPls. The results show green human resources influence the green financial reporting. Meanwhile, internal control cannot moderate the relationship between green human resources and the green financial statements. Hence, green human resources have a good influence on the university, especially in terms of the green financial reporting. This research contributes to the scientific literature regarding the importance of green human resources in achieving green financial reporting.

**Keywords:** Green Human Resources, Green Financial Reporting, Conservation University

## 1 Introduction

Universitas Negeri Semarang (UNNES) is a university that has declared itself a conservation university. Since UNNES becomes incorporated university (PTN-BH), UNNES should get support from all relevant elements. This status change will generate great demands from the people. The establishment of a university with a legal entity has borne the burden of high expectations. People generally enrolls their children in incorporated university a with the expectation that it can accommodate them to be better

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K. B. Abiprayu and A. B. Setiawan (eds.), *Proceedings of the International conference of Economics Business and Economics Education Science (ICE-BEES-24)*, Advances in Economics, Business and Management Research 298, [https://doi.org/10.2991/978-94-6463-522-5\\_26](https://doi.org/10.2991/978-94-6463-522-5_26)

educated. The second demand comes from the government. They emphasize that all incorporated university must have independent financial management. Therefore, they can ease the burden on government expenditure in the education sector.

It adheres to the principles of conservation from the start of the business process to the end. The conservation process includes learning by implementing a paperless policy. The lecturers teach using LCD so they don't use plastic for operating OHPs. Next, the attendance list has also used an electrical application. In preparing financial statements, UNNES has implemented a technology-based system. Technology supports paperless policy [1]. Hence, UNNES push all of the employee to familiar with digital era. All of system in UNNES use digitalization. Start for employee requirement to financial reporting. However, there are some barriers like some employee old and incapable to operate system. Old perspective makes the implantation struggling [2].

In 2010, the Supreme Audit Agency (BPK) found many financial problems in some state universities. These issues are in the form of (a) levies from the public that were not fully reported; (b) disclaimer audit opinion of Rp. 763.12 billion; (c) illegal accounts and unclear use of funds; and (d) disorderly management of cash [3]. Therefore, universities must be able to realize the accountability of their financial statements in achieving good university governance. Based on Law Number 12 of 2020, the financial statements of the UNNES as incorporated (PTNBH) must follow Financial Accounting Standards that must be understandable, relevant, reliable, and comparable. Hence, the institution must focus on good financial reporting. Hence, all universities have to concern about green financial reporting. Moreover, the ability of human resources related to digital literacy is very important.

There are some considerable factors influencing the quality of green financial reporting. Some factors include human resources, technology, and internal control. First, the human resources capability plays a role in implementing and preparing the administration digital and accountability of financial statements. There must be deep considerations for the implementation of green human resources management (GHRM). Employees' green involvement has a good impact on the quality of financial statements [4]. Human resource competence significantly influences the quality of green financial reporting. It shows the preparation of green financial statements is strongly supported by the capacity of green human resources [5]. On the other hand, it is believed that the existence of green employees cannot affect the preparation of financial statements[6].

The next influential element is internal control. It is vital in realizing the quality of green financial statements. Internal control is a systematic process in monitoring and evaluation for organization achievement. Internal control has an important role on the quality of green financial reporting[7], [8]. Control is the main element in ensuring the direction of company goals. This control can be a policy milestone in managing all parts to achieve the set targets. Hence, internal control has a vital role to improve or decrease green financial reporting in incorporated university

H1: Green human resources affect the green financial statements

H2: Internal control affects the relationship between green human resources and green financial reporting

## 2 Method

This research implements a questionnaire to collect relevant data related to the research variables. This research uses primary data. The research respondent is employees working in the finance sub-section at Universitas Negeri Semarang. The sample consists of education staff and lecturers who are members of eight financial faculties finance, two institutions, one postgraduate program, and one finance bureau. The sampling method uses convenience sampling which is we only accept data from respondents who are willing to fill it in. The total planned number of respondents was 88 respondents, however, only 82 respondents filled out the questionnaire correctly. The variable measurement uses a question instrument with a Likert scale of 1-5. The data analysis using regression model with SmartPLS.

**Table 1.** The Number of All Respondents

The Unit	Number of Respondent
Faculty of Education and Psychology	7
Faculty of Languages and Arts	7
Faculty of Social Sciences	7
Faculty of Mathematics and Natural Sciences	7
Faculty of Engineering	7
Faculty of Sport Sciences	7
Faculty of Economics and Business	7
Faculty of Law	7
Postgraduate	7
Institution	10
Bureau	15
The number of all respondent	88

## 3 Results and Analysis

The analysis results show that the AVE value for all variables has met the set value (higher than 0.5). It can be concluded that all variables are valid. Next, the reliability test shows the results of the composite reliability values. The values include financial reporting (0.956), SPI (0.950), and competence of HR (0.888). It shows that each variable meets the composite reliability requirements with a value of  $> 0.7$ . Therefore, all variables are declared reliable. Next, the results of Cronbach's alpha show the variable quality of financial statements of 0.954, SPI of 0.942, and HR of 0.883. All values are higher than 0.7. It means all variable has met the requirements of Cronbach's alpha value. Thus, all variables are stated to have a high level of reliability.

The results of the inner model analysis show R-square value are 0.707. It means that the variable quality of financial statements can be explained by HR and SPI by 70%, while the remaining 30% is explained by other variables not mentioned in this research.

Hence, this paper is very valuable to give huge contribution for literature reviews in the term of green human resources and green financial reporting.

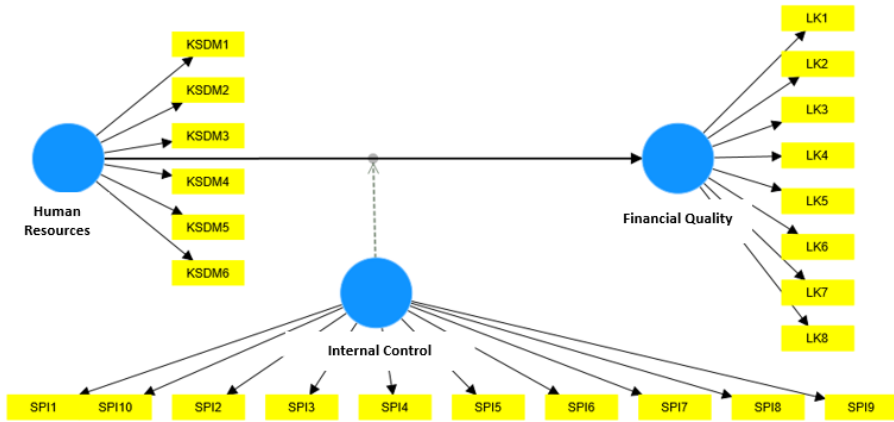


Figure 1. Research Model

Table 2. Hypothesis Testing Results

Descrip- tion	Original Sample (O)	Sample Mean (V)	Standard of Deviation	T sta- tistics	P val- ues
HR--FR	0.360	0.355	0.122	2.957	0.003
IC x HR -- FR	0.019	0.006	0.065	0.297	0.767

Human resources are a vital element in an agency. The results of data analysis show that human resources positively influence the quality of green financial statements. Human resources as a decision part gives huge impact for green financial reporting. The statements must be well-prepared and reliable by the employees. Human resource (HR) competence is a reflection of the value of one's expertise. The green human resources give huge impacts for institution performance [9]. Hence, the universities have to pay attention to create green human resources through many ways. In addition, green human resource gives improvement on competitive advantage in institution [10]. Many universities who have huge resources of green human resource will lead to massive improvement constantly. The green human resource improves financial and non-financial performance for organization [11],[12],[13],[14],[15]. The bad or good quality of financial statements strongly depends on the employees who prepare them. This condition is the same as the condition in all agencies. A financial statement can be structured

properly if the workers in that section have adequate competence [16],[17],[18]. Therefore, the university must improve the skills of all its employees regularly especially in green skill. In addition, university has to improve the ability of employee in technology term. The green human resources would lead to better green financial reporting [1]. The improvement process can go through training, upgrading, certification training, and employee empowerment in other fields. In terms of improving the quality of financial statements, the universities must also be able to improve the ability of their employees in accounting and financial management.

Internal control is vital in the decision-making process [19]. An institution's efforts to maintain its direction and goals can be achieved optimally by having adequate internal control. This internal control can run from an internal audit division or another similar internal control system. Internal control is a design in overseeing the work of the employees. Internal control as monitoring part to make sure the quality of financial statements [20]. However, the results show internal control cannot yet moderate the relationship between human resources and the quality of financial statements. It cannot ensure that the financial statements made will have a high quality. Good or bad financial statements strongly depend on the employees who work on them. Those having good competence will be able to generate quality financial statements even without supervision. Awareness of work responsibilities is one of the motivations for employees to make quality financial statements. Next, internal control will not encourage the realization of quality financial statements if the employees working in that department do not have sufficient competence or expertise. It shows that internal control cannot encourage employee performance to produce quality financial statements. On the other hand, some factors cause internal control to worsen the quality of the reports [21].

## 4 Conclusion

The results indicate that green human resources influence the green financial reporting. Meanwhile, internal control cannot moderate the relationship between the green human resources and green financial reporting. The findings of this research contribute to the knowledge that the digital competence or expertise of human resources is very influential in achieving the quality of green financial reporting. The internal control itself cannot solely improve the quality of green financial reporting. Good or bad internal control does not motivate human resources in preparing green financial statements. However, those who have good competence in digitalization will voluntarily and consciously prepare green financial statement and responsible the statements well. Therefore, universities must consistently organize skills or competency training related to green behaviour and accounting finance.

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