The Effect of Effectiveness of ERP Use, Quality of Internal Audit to Transparency of Financial Report with Management Support as Moderation Variable

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Abstract

There are only few companies implementing the financial reports' transparency in Indonesia. Those are only found in several government agencies, state- owned companies, but still few numbers of public companies (limited) and even non-public companies. From the results of this study, the researchers concluded that the use of Enterprise Resource Planning (ERP) effectively is one way of implementing Accounting Information Systems within the company that can help internal auditors work effectively and create transparent financial statements as well. This study discusses the Effect between the usage effectiveness of Enterprise Resource Planning (ERP), management support to the transparency of financial statements. The calculation method is using Partial Least Square 3.0 (PLS). This Research calculates Average Variance Extracted (AVE), Composite Reliability (CR, Cronbach Alpha, R Square, and Hypothesis Test) .The data collection methods in this paper use questionnaire with Likert scale. The sample in this research is 441. From the Result of hypothesis test, it describes the effect of effectiveness of the use of ERP to financial report transparency 27,8%, the effect of audit internal to financial report transparency 40,9% and the effect of management support to financial report transparency 14,9%. Management support variable has significant effect to the relationship between ERP effectivity and financial report transparency 9,1%. Management support variable has significant effect to the relationship between audit internal quality and financial report transparency 3%.

Keywords: Enterprise Resource Planning, ERP, internal audit, financial report transparency, management support, PLS 3.0

INTRODUCTION

1.1 Research Background

In the last two decades, the transparency of public institutions has been increasingly loudly echoed among the member states of the United Nations (UN). Through Sustainable Development Goals (SDGs), the United Nations encourages its members to uphold the principle of transparency in addressing all matters concerning the lives of the people. In the context of Indonesia, the establishment of the Corruption Eradication Commission (KPK) in 2002 as well as answering public anxiety about the widespread practice of corruption that has not been processed by law. When corruption takes place at the state level, the consequences affect the whole society. The phenomenon creates some impression. When corruption - which in fact is illegal - finds a place to be accepted by the system of values and norms of society, it indicates that a permissive society has formed for social aberrations. If it occurs in the realm of government and is not strictly act upon by the law, it appears that it is permissible, and gives rise to the assumption that the force of law is not working properly. To ensure that the conformity of financial statements prepared by the management of the company is in accordance with general standard of accepted accounting, the financial statements should be re-examined by a free and impartial third party or independent party. And to provide a firm management accountability belief that the financial statements are not affected by misstatement, it is necessary to audit the financial statements. The disclosure of the case of large companies such as Enron, Tyco WorldCom and in the domestic case of Kimia Farma and Bank Lippo involve many parties and have considerable impact, indicating an audit scandal. The involvement of commissioners, audit committees, internal auditors to external auditors, one of which is experienced by Enron is enough to prove that cheating is mostly done by insiders. In addition to the management of the company, the external auditor must also be responsible for the outbreak of such accounting manipulation case. Based on the above phenomenon, the researcher is interested to do research with the title "Effectiveness of Enterprise Resource Planning, Internal Audit Quality to Financial Report Transparency with Management Support as Moderation Variable. "

1.2 Problem Formulation

Based on the background that has been described above, then the issues to be discussed in this study are:

1. Does the effectiveness of the use of ERP software in the company affect the transparency of corporate financial statements?
2. Does the quality of internal audit affect the transparency of financial statements?

3. Does management support affect the transparency of financial statements?
4. Can management support be a moderating variable of the relationship between the effectiveness of using ERP and the transparency of financial statements?
5. Can management support be a moderating variable of the relationship between internal audit quality and financial statement transparency?

LITERATURE REVIEW
2.1. Agency Theory
The agency theory emphasizes the importance of the company owner (shareholder) to the management of the company to the agents who are more understanding in running the management of the company (Sutedi, 2011). Separation in the management of the company from the owner is intended for the owner of the company to get the maximum profit with the cost as efficiently as possible. The duty of the agents is to safeguard the interests of the company and run the company's management according to the functions that have been set. In other words, agents are the intermediaries of shareholders in managing the company, while the shareholders only oversee the performance of its agents and ensure that agents work in accordance with their functions, duties, and uphold the interests of the company so that the company's goals can be achieved. Performance management can be seen from its success in maximizing corporate profits that affect the sustainability of the company. The flexibility of management in managing funds in order to achieve maximum results for the company can lead to maximizing additional economic benefits to the interests of the agent with the burden and costs to be borne by the company so that in presenting reports on the use and management of funds by agents not reporting the company's financial information in accordance with the actual (Ernawan, 2011). In other words, the agents engineered the company's financial statements to avoid the risk of fraud being discovered. In addition, management performance as measured by its success in maximizing corporate profits, encourages agents to conduct earnings management in the preparation of financial statements, where agents engineer corporate earnings for performance in managing the company is considered good by the shareholders.

2.2. Government Regulation No. 40 of 2007 regarding Limited Liability Companies (UUPT)
The Government passed a regulation governing the Limited Liability Company namely Law no. 40 of 2007 to replace Limited Liability Company Law. 1 Year 1995. The purpose of the reform of the legislation is to support the implementation of *Good Corporate Governance* (GCG). The principle of *Good Corporate Governance* (GCG) refers to Law No. 40 of 2007 whereas the principles of GCG should reflect on the following matters:
1. Transparency
That is the mandatory disclosure required by the law regarding the disclosure of information or in the case of 34 management implementation of openness, accurate information of company's ownership, clear and punctual to stakeholders.
2. Accountability
The existence of information disclosure in the financial field in this case there are two controls conducted by the Board of Directors and Commissioners. The Board of Directors conducts the operations of the company, while the Board of Commissioners oversees the Company's operations by the Board of Directors, including financial supervision. Therefore, the availability of mechanisms, roles and responsibilities of professional management personnel for all decisions and policies taken in connection with the Company's operational activities.
3. The company's accountable responsibilities to stakeholders is not by harming the interests of stakeholders. This law emphasizes the Company must adhere to the applicable law.
4. The principle of justice ensures that any decisions and policies taken are in the interest of all parties concerned. In addition, this principle of justice is reflected in Article 53 paragraph 2 "Each share in the same classification gives the holder the same rights." 35 This article shows the element of fairness (non-discriminatory) among shareholders in the same classification to obtain their rights, such as the right to propose the execution of the General Meeting of Shareholders (GMS), the right to propose a specific agenda in the General Meeting of Shareholders (GMS) and others.

2.3. Technology Acceptance Model (TAM)
To know the level of acceptance of information systems used in Enterprise Resource Planning (ERP) can be analyzed by using TAM model. Thus, TAM is a blade analysis used to determine the attitude of user acceptance of the presence of technology. TAM provides a basis for knowing the influence of external factors on the beliefs, attitudes, and purposes of its users. Besides being built on a strong theoretical basis, one of the advantages of other TAM models is that it can answer the question of the many technological systems that fail to apply in Enterprise Resource Planning (ERP). This is caused by users who have no intention (intention) to use it. In accordance with the term TAM, that "A" stands for "Acceptance" means acceptance. So it can be said that TAM is an analysis model to know the behavior of users will accept technology. Through TAM, the assumption when

users will use the new information system then there are 2 (two) factors that influence it, namely :

1. Ease of Use Perceived In Davis (1989) stated that "ease" means "freedom from difficulty or great effort ". Furthermore, "ease to use perceived" is defined as "the degree to which a person believes that a particular system would be free of effort". If applied to the Enterprise Resource Planning (ERP) information system, the user believes that the Enterprise Resource Planning (ERP) information system is easy to use so it requires no effort and will be free from trouble. This includes the ease of use of information systems in accordance with the wishes of its users. The results of Davis's (1989) study show if the perception of ease can explain the user's reason for using the system and can explain if the new system is acceptable to the user.

2. Usefulness Perceived In Davis (1989) it is stated that "the degree to which a person believes that a particular system would enhance his or her job performance." It is intended that users believe that by using the Enterprise Resource information system Planning (ERP) will improve its performance.
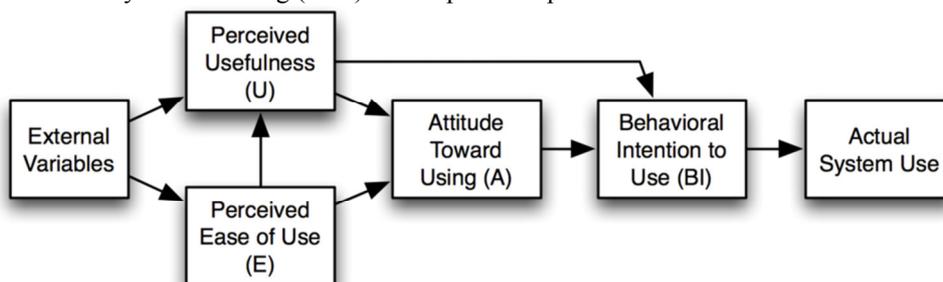

Image 2.1 Original form technology Acceptance Model (Davis, 1989)

The purpose of TAM is to be able to explain the main factors of user behavior of information technology towards the acceptance of users of information technology itself. This model illustrates that the users of the information system will be influenced by usefulness and ease of use variables, both of which have high determinants and validity that have been empirically tested. TAM believes that the use of information systems will improve the performance of individuals or organizations, in addition to the use of information systems are relatively easy and do not require a lot of effort to use them.

2.4. Enterprise Resource Planning (ERP)

ERP system is a software package that consists of several modules and that change slowly, especially from traditional manufacturing resource planning system. The purpose of ERP is to integrate the main processes of a company such as order entry, production, procurement, business debt, payroll, and human resources. In the traditional model, each functional arena or department has its own computer system that can optimize the way the department runs its business. ERP incorporates all these computer systems into an integrated system that accesses a database to facilitate the process of various information and to improve communication across the enterprise.

Because the ERP system handles all activities within the organization, bringing a new work culture and integration within the organization. taking over the routine tasks of personnel from the operator level to the functional manager, thus providing an opportunity for the company's human resources to concentrate on dealing with critical issues and long-term impacts. The ERP system also brings significant cost efficiency impacts with continuous integration and monitoring of organizational performance.

2.4.1. ERP Basic Concepts

ERP Concepts according to Suryalena (2013), ERP system is a corporate information system designed to coordinate all resources, information and activities required for complete business processes. This system has one database and software to process the data. The software has a function to integrate all departments in managing company resources. The concept of ERP can be illustrated as follows;

Image 2.2 Basic Concepts of ERP
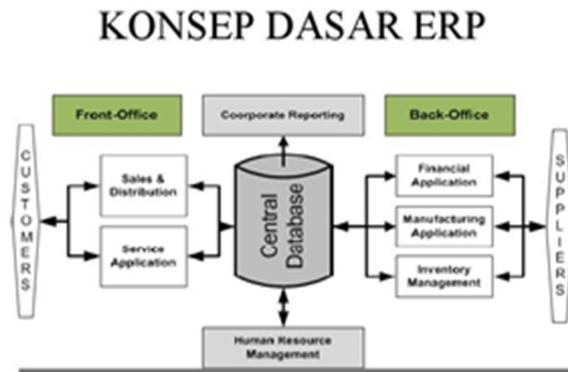

Source: Suryalena (2013)

Objectives are the most important part in implementing a system, according to Yasin (2013), the main objective of implementing this ERP system is to enhance and strengthen the effectiveness of existing resources within the company, such as;

1. Human resources, where every member of the company has the responsibility and has the ability to create a productive atmosphere within the company.

2. Production resources, so that the company can produce more quality products.

3. Sales, where companies are able to increase sales in the presence of more effective marketing. 4. Company financial statements and accounting logistic company more effective and integrated.

5. Be able to compete with competitor companies.

6. To avoid complicated resource problems in the future.

2.4.2. The Architecture of ERP

Today's ERP system mostly uses 3-tier architectural systems or more. The 3-tier architecture is generally described as follows:

Image 2.3. Three-tier client server architecture
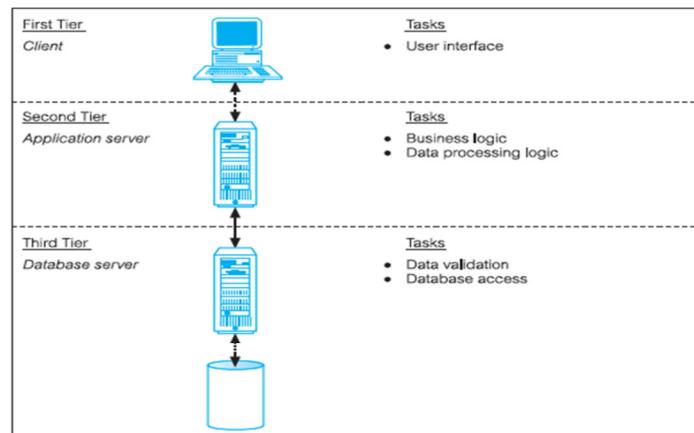
Source: Connoly & Begg, 2014: 113)

According to Connoly & Begg (2014: 113), The Three-tier client server has 3 sections each run with different tasks, including:

- *User interface*,which runs inside the end user's computer.

 • *Business logic* and data processing layer running on server and application server.

• DBMS stores the required data in *the middle tier*. Tier is run separately and called database server.

2.4.3. ERP *Critical SuccessFactor*

Critical Success Factor is a measurement parameter in measuring the performance of an ERP function within a company.Based on the Critical SuccessFactor (CSF) method, ERP success factors are divided into 5 groups:

1. Management / organization,including commitment, education,involvement, team selection,training and role and responsibilities.

2. Process,including alignment, integrase documentation and re-design process.

3. Technology, including hardware, software, management system and interface.

4. Data,including main file, transaction file, data structure, and maintenance and data integrase.

5. Personnel, including education,training, skills development and knowledge development.

2.4.4. Effectiveness of the Use of ERP

There are 10 (ten) basic dimensions that are interrelated in measuring the effectiveness of information systems according to Zaied (2012), namely system quality, information quality, service quality, management support, training, users' involvement, perceived usefulness, perceived ease of use, behavioral intention, and user satisfaction.From each basic dimension, will be grouped into 5 (five) elements become the basic indicator of the dimension, the elements are;

1. Ease and quality of the system

2. Quality service vendor

3. Management support

4. User involvement

5. System benefits

2.5. The Quality of Internal Audit

The definition of Internal Audit under the Financial Services Authority Regulation Number 56 /POJK.04 / 2015 on the Establishment and Guidelines for the Formulation of the Charter of the Internal Audit Unit, is an activity of providing confidence and consultation independent and objective, with the aim of increasing value and improving the operations of enterprises,through a systematic approach, by evaluating and improving the effectiveness of risk management, control, and corporate governance processes. Below are the

requirements, duties,responsibilities and authority of internal audit under the Financial Services Authority's Regulation No. 56 / POJK.04 /2015.

According to Cohen and Sayag (2010) look at the determinants of the effectiveness of internal audit through the proposed model consisting of six potential factors that may affect the effectiveness of the intenal audit. These factors include:

1. Quality of audit work,

2. Organizational independence,

3. Careers and progress and

4. Top management support.

2.6. Management support

Top management support can play a useful role in resolving disputes and providing clear signals for any doubts (Zhang et al., 2002). The top management support in ERP implementation has two aspects (1) leadership, and (2) providing the necessary resources (Zhang et al., 2002) ; Bhatti, 2005). Strong and committed leadership is a necessary condition for success in ERP implementation. Top management should provide clear direction to the project team and monitor project progress (Bhatti, 2005). The willingness to provide the necessary resources is a form support top management. Implementation will according to Al-Maani & Akho Ershaideh 2009, management support can be divided into several variables:

1. Material incentive

2. Immaterial incentive

3. Qualified personnel

4. Modern Technology

2.7. Transparency of Financial Reports

Stiglitz (1999) states that transparency and accountability are human rights. Hood (2007) states that transparency as a concept includes:

1. Transparency of events (open information about inputs, outputs,and outcomes)

2. Transparency of processes (open information about ongoing transformations between inputs, outputs and outcomes) ,

3. Real-time transparency (information released immediately), or

4. Retrospective transparency (information available retroactively).

Rawlins (2008) adds to the definitions given by Rawlins (2008). The definition of transparency is operationally as follows:

Transparency is an effort that deliberately provides all information that is legally released both positively and negatively in an accurate, timely, balanced and decisive manner, with the aim of improving the ability of public reasoning and maintaining organizational responsibility over actions, policies and practices. Implementation of transparency in public sector organizations is expected to reduce information asymmetry between internal (management) and external (community) parties. Silver (2005) said that the stakeholders demanded the organization to be more transparent. Furthermore, Silver (2005) defines transparency as a measure

of honesty and precision not only in the amount conveyed or released by the organization, but also how the organization operates.

2.8. The concept of Structural Equation Modeling (SEM)

Structural Equation Modeling (SEM) is a multivariate technique that combines aspects of factor analysis and multiple regression analysis that allows researchers to simulate a series of dependent relationships between measured variables and latent constructs as well as between the latent construct of Hair et al (2006). Structural Equation Modeling (SEM) is a second generation multivariate analysis technique that allows researchers to examine the relationship between complex variables, both recursive and non recursive to obtain a comprehensive picture of the overall model.

### 2.8.1 Structural Equation Modeling with Moderation Relations

In previous SEM (Structural Equation Modeling) models the model has only a direct or indirect relationship. However, a non linear SEM approach is developed that allows the relationship between an independent variable to the dependent variable that is influenced by other latent variables. The influence of a latent variable that influences the relationship between an independent latent variable and dependent latent variable is called Moderated Structural Equation Modeling (Ghozali and Fuad,2005).

2.8.2. Variables In Structural Equation Model

Latent variables are variables that can not be measured directly and require some indicators as proxies (Ghozali and Fuad, 2005).

The variable of observation or also called the manifest variable is the variable whose data should be searched through field research

by using survey instruments. (Hair et al., 2006). Observation variables are used as indicators of latent constructs or latent variables. The moderation variables according to Sekaran (2006) are those variables that have strong contingent effect with dependent variable (endogen) and independent (exogenous) variables. The purpose of moderating variables that affect or change the initial relationship between independent variables (exogenous) and the dependent variable (endogenous).
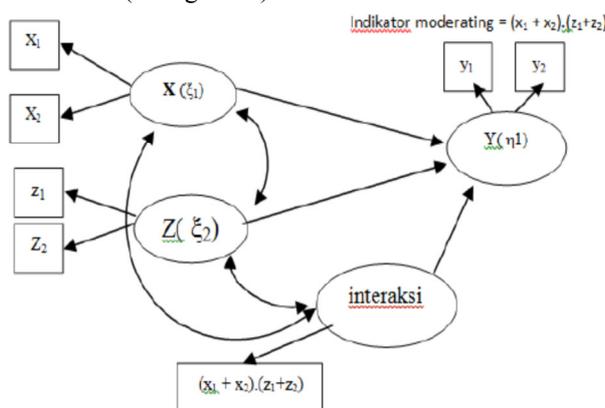
2.8.3. Partial Least Square (PLS)

The PLS method is a soft modeling method in whereas:

1. The sample does not have to be large
2. It does not require very strict assumptions
3. Application method is emphasized to predict the response variable rather than the model form.

There are two types of indicators in the PLS:

a. *Reflexive Indicators*: Indicators are influenced by latent variables (indicators are reflections of latent variables

b. *Formative indicators*: Indicators seem to affect latent variables (indicators are descriptions of latent variables)

2.9. Hypothesis

According to J. Supranto (2007) the hypothesis is a proposed condition or principle that is assumed to be true and perhaps without the conviction to be pulled a logical consequence and in this way then tested the truth by using the facts (data) that exist quantitatively, the hypothesis can also mean the statement of a parameter that is temporarily considered correct. Hence the hypothesis in the proposed research is:

H1: The effectiveness of the use of ERP software in the company affects the transparency of the company's financial statements

H2: The quality of internal audit affects the transparency of financial statements

H3: Management support impact on internal quality of audit

H4: Management support can be a moderating

variable of the relationship between The Effectiveness of the use of ERP and the transparency of financial statements.

H5: Management support can be a moderating variable of the relationship between internal audit quality and financial statement transparency.

As stated in the framework model below:

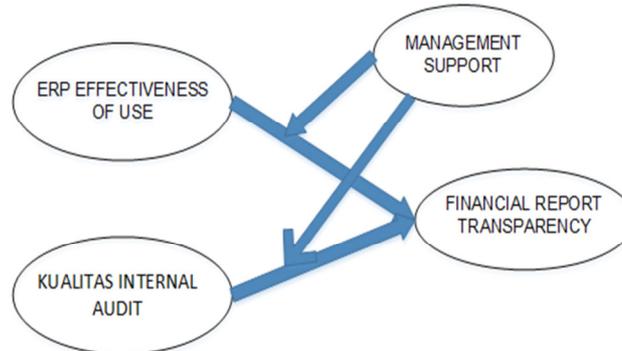## MODEL OF CONCEPTUAL RESEARCH FRAMEWORK

Image2.4. Conceptual Research Concept Model

RESEARCHMETHODOLOGY

3.1 Time and Place of Research

Within one year research period in 2017, ranging from questionnaire distribution to users of *Enterprise Resource Planning* (ERP) software applications including in-company management. The place of research is that the research is done by distributing questionnaires to manufacturing companies in Jabodetabek area.

3.2 Research Methods

The variables tested through questionnaires are variables effectiveness of the use of ERP, internal audit quality variables, variable transparency of financial statements with the measurement method used is likert scale. Researchers will use the concept of Structural Equation Modeling (SEM) for this study. Structural Equation Modeling (SEM) is a multivariate technique that combines aspects of factor analysis and multiple regression analysis that allows researchers to simulate a series of dependent relationships between measured variables and latent constructs as well as between latent constructs(Hair et al., 2006).

The influence of a latent variable that influences the relationship between an independent latent variable and dependent latent variable is called Moderated Structural Equation Modeling (Ghozali and Fuad,2005).

This research is supported by Smart PLS 3.0 program as a means of testing statistical data to determine the level of significance of the relationship of variables studied where:

1. The sample does not have to be large

2. Does not require very strict assumptions

3. Application method is emphasized to predict the response variable rather than the shape of the model.

3.3. Data Sources

Data sources were obtained from primary data by sending questionnaires to respondents working in manufacturing companies in Jabodetabek using ERP software applications in their companies. The questionnaires that were successfully delivered were 470 questionnaires. From the questionnaire data will be extracted into excel and then subsequently will be processed into Lease Square 3.0 software.

3.4. Analysis Method

Analysis Method is based on the research objectives, the method of analysis used in this study are as follows:

1. Descriptive analysis

2. Conduct evaluation of measurement model (Outer model) by looking at the validity and reliability of variable indicator of latent contraction measure.

3. Structural Equation Modeling (SEM) Analysis

 a.Development of concept-based model and theory

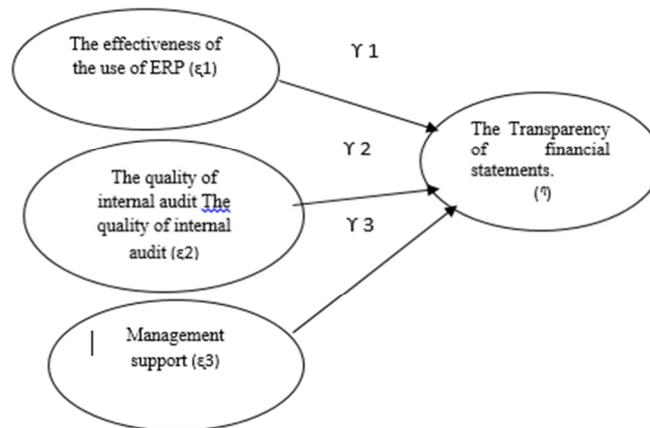 b. Construct Path Diagram for Structural Equation Model

Image 3.1 Path Diagram of Transparency of Financial Report

c.   Convert the path diagram into the equation. The path diagram in Figure 3.1 is converted into the following equation:

Financial StatementTransparency = γ1 Effectiveness of ERP + γ2 Internal Audit Quality + γ3 Management Support

d. Estimate the model parameters and evaluate the model by looking at the percentage of variance which is described by looking at the value of R2

e. Hypothesis testing. According to Dwi Pritano (2010: 9), hypothesis testing is a test to determine whether the conclusions on the sample can apply to the population (can be generalized). Hypothesis test is used to determine whether the proposed hypothesis is the correct statement / guess so that the hypothesis must be accepted or is a wrong statement / guess so that the hypothesis must be rejected.

The design of hypothesis testing in this study as follows:

H1: Effectiveness of the use of ERP software in the company affects the transparency of financial statements

H2: Internal audit quality affects the transparency of financial statements.

H3: Management support affects the transparency of financial statements.

4. Moderated Structural Equation Modeling (MSEM) Analysis

a. Development of concept-based model and theory

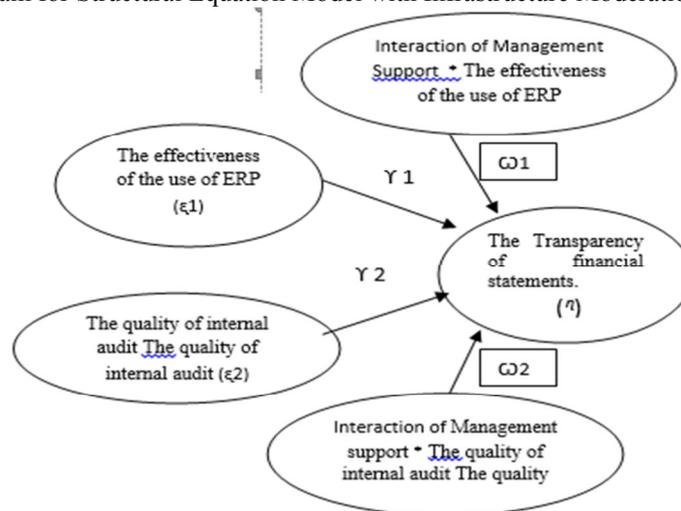b. Construct Path Diagram for Structural Equation Model with Infrastructure Moderation

Image 3.2 Path of Transparency Diagram of Financial Statements With Moderate Management Support

c.Convert the path diagram into the equation. The path diagram of Image 3.2 is converted into the following equation:

Financial Statement Transparency = γ1 Effectiveness of ERP + γ2 InternalAudit Quality + Ꙩ1 The Effectiveness of the use of ERP * Management Support+ Ꙩ2 Internal Quality Audit * Management Support

d. Estimate the model parameters and evaluate the model by looking at the percentage of variance described by looking at the value of R2.

e. Hypothesis testing

H4: Management support significantly moderates the relationship between The Effectiveness of the use of ERP

with Financial Statement Transparency

H5: Management Support significantly moderatesthe relationship between Internal Quality Audit with Financial Report Transparency

CHAPTER IV
RESULTS AND DISCUSSION
4.1. The Returns on Questionnaire
The returned questionnaire was 441 questionnaires from 470 distributed questionnaires. From the returned questionnaires, the entire questionnaire can be used because the questionnaire is filled in completely by the respondent. Further processed questionnaires amounted to 441 pieces.

4.2. DataAnalyst
4.2.1. Designing an OuterModel
In performing structural equation modeling analysis, it is necessary to evaluate the measurement model that defines how each indicator block relates to its latent variables using *Confirmatory Factor Analysis* (CFA) through validity and reliability testing on the data.

This stage is used to determine the validity and reliability that connects the indicators with latent variables. Indicator in this research is reflective because indicator of latent variable influence indicator for that used 3 phase measurement according to Latan and Ghozali (2015) that is:

4.2.1.1. Discriminant Validity

The evaluation done is to see the root square of average variance extracted (AVE). The measurement model is assessed based on the measurement of cross loading by construct. If the construct correlation with each indicator is greater than the size of the other construct, the latent construct predicts the indicator better than the other construct.

If the value of $\sqrt{AVE}$ is higher than the correlation value between the constructs, then good discriminant validity is achieved. According to Latan and Ghozali (2012) it is highly recommended if AVE is greater than 0.5. Next is the formula to calculate the AVE: Where λ_i is the loading factor (convergent validity), and var $(\varepsilon_i) = 1 - \lambda_i^2$. Fornnel and Larcker in Latan and Ghozali (2012) suggest that these measurements can be used to measure reliability and results are more conservative than composite reliabity (ρc) values.

Image 4.1. Moderation Models of processed PLS 3.0
Source: Results if Data PLS 3.0
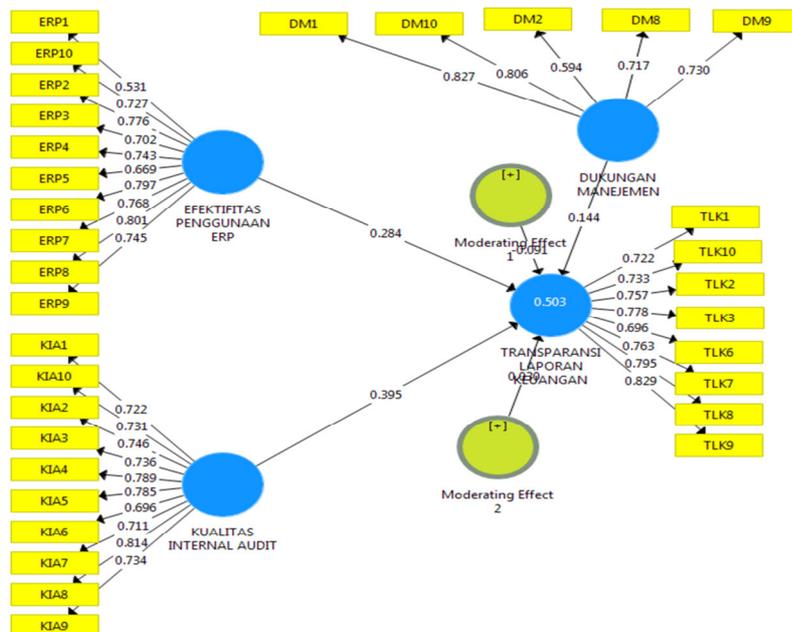
Below the results of the Average Variance Extracted (AVE) calculation:

Image 4.2. Result of Average Variance Extracted (AVE) Computation

Average Variance Extracted (AVE)

AVE Matrix	AVE
DUKUNGAN M...	0.546
EFEKTIFITAS PE...	0.533
KUALITAS INTE...	0.558
Moderating Eff...	0.256
Moderating Eff...	0.406
TRANSPARAN...	0.578

Source: Results of Data PLS 3.0

Based on the results of data which done with the help of software SmartPLS 3.0 which can be seen in table 4.1 found that AVE value for all constructs> 0.50. So it can qualify for convergent validity.

4.2.1.2. Composite Reliability (CR)

To determine composite reliability, if the value of composite reliability ρc> 0.8 can be said that the construct has a high reliability or reliable and ρc> 0.6 is quite reliable (Chin in Latan and Ghozali 2012). Here is the formula for calculating composite reliability (ρc):

$$\rho c = \frac{(\Sigma \lambda_i)^2}{(\Sigma \lambda_i)^2 + \Sigma_i \, var(\varepsilon_i)}$$

Image 4.3. Composite Reliability (CR) Calculation Results

Composite Reliability

Composite Reliability Matrix	Composite Rel...
DUKUNGAN M...	0.856
EFEKTIFITAS PE...	0.919
KUALITAS INTE...	0.926
Moderating Eff...	0.938
Moderating Eff...	0.970
TRANSPARAN...	0.916

Source: Results of PLS 3.0 Data

Data performed with the help of software SmartPLS 3.0 that can be seen in table 4.2 found that the value of Composite Reliability for all constructs> 0.80. So it can be concluded that all
constructor indicators are reliable or in other words meet the reliability test.

4.2.1.3. Cronbachs Alpha (CA) In the PLS, reliability test is reinforced by Cronbach alpha where consistency of each answer is tested. Cronbach alpha is said to be good if $\alpha \geq 0,5$ and said enough if $\alpha \geq 0,3$.

Image 4.4. Alpha Cronbachs Calculation Result

Cronbachs Alpha

Cronbachs Alpha Matrix	Cronbachs Alp...
DUKUNGAN M...	0.790
EFEKTIFITAS PE...	0.901
KUALITAS INTE...	0.912
Moderating Eff...	0.950
Moderating Eff...	0.971
TRANSPARAN...	0.895

Source: Results of PLS 3.0

Data Results The cronbach alpha value generated by all constructs is very good ie> 0.7 so it can be

concluded that all reflective construct indicators are reliable or meet the reliability test. However, according to Latan and Ghozali (2015) cronbach alpha produced by PLS is slightly under estimate so it is advisable to use Composite Reliability or Dillion- Goldstein's.

4.2.2. Designing a structural model (Inner Model)

The structural model is evaluated by using R-square (R^2) for dependent constructs, Stone- Geisser Q-square test for predictive relevance and t test as well as significant coefficients of structural path parameters. R^2 can be used to assess the effect of the latent independent variable on the latent dependent variable whether it has substantive influence.

Table 4.1. calculation results R Square

R Square

	Mean, STDEV, T-Values, P-Val...	Confidence Intervals	Confidence Intervals Bias Cor...	Samples	Expor
		Original Sampl...	Sample Mean (...	Standard Error ...	T Statistics (|O...
TRANSPARANSI LAPORAN KEUANGAN		0.499	0.509	0.041	12.138

Source: results of data if PLS 3.0

From image 4.1. can be seen the value of R-Square for variable Transparency Financial Report shows the results of 0.499 this means support, Effectiveness of the Use of ERP and Management Support affects the Transparency of Financial Statements. amounting to 49.90 percent, it shows that 50.10 percent factor or other variables that support Financial Report Transparency at manufacturing companies in the area JABODETABEK.

4.2.3.The Construction of Line Diagram

Image 4.8. The Construction of Line Diagram before Moderation
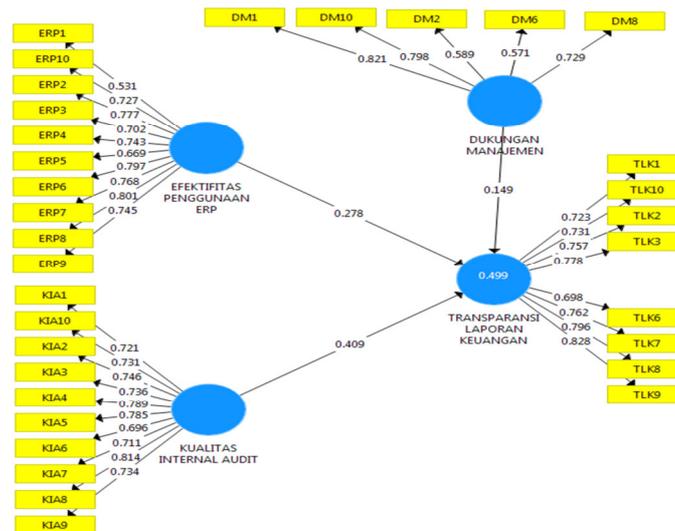
Source: results by PLS 3.0 data

Based on Image 4.8. describes the results of preparations of PLS 3.0 for path diagrams that have not been affected by the moderation model.

4.2.4. Hypothesis Testing (Resampling Bootstraping)

Based on research objectives, the hypothesis test design that can be made is a hypothesis test design in this study presented based on research objectives. The confidence level used is 95 percent, so the level of precision or limit of inaccuracy of (α) = 5 percent = 0.05. And generate ttable value of 1.98 (Latan and Ghozali, 2012). According to (Latan and Ghozali 2012):

If the value of t-statistic is smaller than t-table [statistic <1.98], then Ho is accepted and Ha is rejected. If the t-statistic value is greater than

or equal to t-table [t-statistics>1.98], then Ho is rejected and Ha accepted.

The structural model by looking at the percentage of variance is obtained from the R-square value of the endogenous variable and the coefficient of the structural path which stability estimation is seen from the T-statistic value through the bootstraping stage with the case of the persample of 1000.

The hypothesis raised in this study is :

H1: Effectiveness of the use of ERP affects the transparency of lease reports

H2: Internal audit quality affects the transparency of financial statements H3:

Management support affects the transparency of financial statements The results of the structural model can be shown in the following table.
Table 4.2. Path Cooeffisient

Path Coefficients

	Original Sampl...	Sample Mean (...	Standard Error ...	T Statistics (|O...	P Values
DUKUNGAN MANAJEMEN -> TRANSPARANSI LAPORAN KEUANGAN	0.149	0.149	0.050	2.968	0.002
EFEKTIFITAS PENGGUNAAN ERP -> TRANSPARANSI LAPORAN KEUA...	0.278	0.280	0.050	5.501	0.000
KUALITAS INTERNAL AUDIT -> TRANSPARANSI LAPORAN KEUANGAN	0.409	0.411	0.053	7.753	0.000

Source: results of data processing PLS 3.0

The influence of exogenous latent variable relationships on endogenous variables (Transparency of Financial Statements) in Table 4.2 can be explained as follows :

1. The coefficient of path parameters obtained from the relationship between Management support variables with the Transparency of financial statements of 0.149 with the value of T-statistics 2.968> 1.98 which states that there is a significant influence between the condition of Management support with Transparency of financial statements.

2. The coefficient of path parameters obtained from the relationship between variables Effectiveness of the use of ERP with Transparency of financial statements of 0.278 with the value of T-statistics 5,501> 1,98 which states that there is a significant influence between the conditions of Effectiveness of the use of ERP with the transparency of financial statements.

3. The coefficient of path parameters obtained from the relationship between internal audit quality variable with the Transparency of financial statements of 0.409 with the value of T-statistics 7.753> 1.98 which states that there is a significant influence between the quality condition of internal audit with the transparency of financial statements.

Based on the path parameter coefficients obtained in the image 4.8. then the structural equation model is formed as follows :

Transparency of Financial Statements = 0.149 Management support + 0.278 Effectiveness of ERP + 0409 Internal audit quality

From the equation model results obtained R2 value for Transparency of Financial Statement that is equal to 0,499. The value indicates that the variation of transparency of financial statements can be explained by the costumer variables of 49.90% while the remaining 50.10% is influenced by other variables that are not contained in the research model.

4.2.5. Moderation Effect Testing

Moderation variable is a variable that has a strong (contingent effect) with the dependent variable relationship (endogenous) and independent variable (exogenous). The purpose of moderating variables that affect or change the initial relationship between independent variables (exogenous) and the dependent variable (endogenous). In this study the moderate variables are latent variables of management support that will be tested against the latent correlation of the effectiveness of the use of ERP on the transparency of financial statements and internal audit quality relationship with the transparency of financial

statements, so the hypothesis is as follows.

H4: Management support can be a moderating

variable of the relationship between the Effectiveness of the Use of ERP with the Transparency of Financial Statements.

H5: Management support can be a moderating variable of the relationship between Internal

Audit Quality and Financial Statement Transparency.

Image 4.9. Construction of Line Diagram
after Moderation
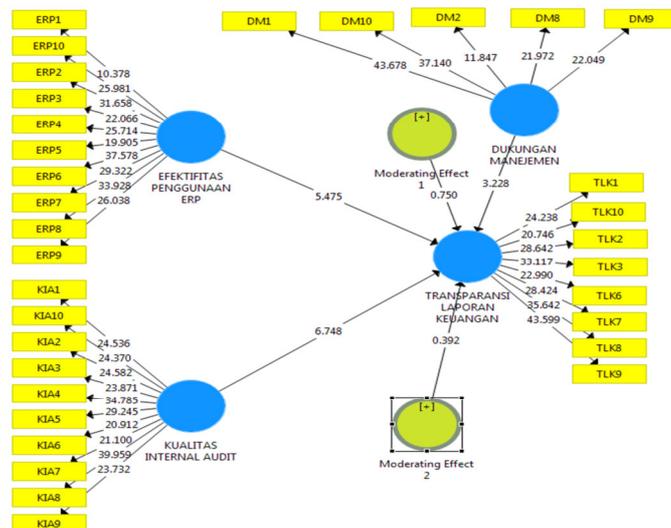
Source: result of if data of PLS 3.0

Image 4.9 is the result of lane diagram after interaction variable that formed from moderation of variable of Management Support to variable relation Effectiveness of ERP Usage and Internal Audit Quality relationship to Transparency of Financial Statement included into model. Based on **Image 4.9** above, the structural equation is formed as follows.

Financial Statement Transparency = 5.475 Effectiveness of ERP + utilization 6,748 Internal audit quality + 0.750 Ef. use of ERP * Management support + 0.392 Quality int.audit * management support

In moderation of infrastructure relationships indicate that if a certain amount of management support is followed by effectiveness of ERP usage when certain conditions will affect the condition of transparency of financial statements with the contribution of parameter coefficient of 75%. Similarly, when management support and internal audit quality at a certain amount will affect the condition of transparency of financial statements with the contribution of parameter coefficient of 39%. After the interaction variables entered into the model, then it will be known whether the moderation variable is the infrastructure variable has a significant influence on the effectiveness of the use of ERP and the quality of internal audit on the transparency of financial statements seen from the obtained T- statistics value. The following is the T- statistics value of the structural model with moderate management support.

Table 4.3 Path Coefficient after moderation

Path Coefficients

Mean, STDEV, T-Values, P-Val...	Confidence Intervals	Confidence Intervals Bias Cor...	Samples	Export to clipboard: CSV	R		
	Original Sampl...	Sample Mean (...	Standard Error ...	T Statistics (|O...	P Values		
DUKUNGAN MANAJEMEN -> TRANSPARANSI LAPORAN KEUANGAN	0.144	0.143	0.045	3.183	0.001		
EFEKTIFITAS PENGGUNAAN ERP -> TRANSPARANSI LAPORAN KEUA...	0.284	0.280	0.051	5.631	0.000		
KUALITAS INTERNAL AUDIT -> TRANSPARANSI LAPORAN KEUANGAN	0.395	0.389	0.056	6.997	0.000		
Moderating Effect 1 -> TRANSPARANSI LAPORAN KEUANGAN	-0.091	-0.084	0.127	0.719	0.236		
Moderating Effect 2 -> TRANSPARANSI LAPORAN KEUANGAN	0.030	0.020	0.076	0.388	0.349		

Sources: Results of the PLS 3.0 data

Based on the **Table 4.3** it can be seen that the T-statistics obtained on the interaction variables between the effectiveness of the use of ERP with Management support and the interaction variable between Quality of internal audit with Management support each of 0.719 and 0.388. Both interaction variables have T-statistic value <1,98 meaning moderation variable (Management support) is not statistically significant have an effect to relation between effectiveness of ERP usage with transparency of financial statement and relationship between quality of internal audit with transparency of financial statement.

Table 4.4 results of calculation R Square

R Square

		Original Sampl...	Sample Mean (...	Standard Error ...	T Statistics (|O...
Mean, STDEV, T-Values, P-Val...	Confidence Intervals	Confidence Intervals Bias Cor...	Samples	Expo	
TRANSPARANSI LAPORAN KEUANGAN		0.503	0.523	0.041	12.354

Source: the results of data if PLS 3.0

In the model of structural equations with moderation obtained R2 value for Transparency of financial statements of 0,503 means variations of transparency of financial statements can be explained by variable kostruk (Effectiveness of the use of ERP, Internal audit quality, ERP * Management support, and Quality internal audit * Management support) of 50.30% while the rest of 49.70% influenced by other variables that are not contained in the research model.

5.1. Conclusion

The conclusions obtained from the results of this study are:
1. Analysis of structural equation model in the case of influence of constructed latent variables (The Effectiveness of the use of ERP, Internal audit quality) towards transparency of financial statements at Manufacturing Company in Jabodetabek is as follows:
a.There is an influence between the effectiveness of the use of ERP on the transparency of financial statements of 27.8%.
b. There is an influence between the quality of internal audit on the transparency of financial statements of 40.9%.
c. There is an influence between management support for the transparency of financial statements of 14.9%.
2.Analysis of structural equation model with moderate management support in latent case of management support as moderation of relationship between effectiveness of ERP usage to Transparency of financial report and Quality of internal audit to transparency of financial report got result as follows.
a. Management support variables have a significant influence on the relationship between the effectiveness of the use of ERP and the transparency of financial statements of 9.1%. b.Management support variables have a significant influence on the relationship between internal audit quality and transparency of financial statements of 3%.

5.2. Suggestions

To overcome the limitations in this study, the researcher suggests some things as follows:
It is better for the next research should seek expansion of research object. For example a manufacturing company on the island of Java or in Indonesia.
2.We recommend that for the next research we can try to use the experimental method in data collection.
3. It is desirable that there be additional variables used to know factors that support the transparency of financial statements such as employee support, consultant support.
4. Should be expected for further research conducted by the addition of respondents who interviewed, so that the data result of better interview can be obtained.
5. In this research the problem under study is still limited, therefore suggestions can be given to further researchers to develop more models that are formed by digging wider variables that can affect the transparency of financial statements to contribute more.

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