The Importance of Financial Report Transparency Toward Individual Performance

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Abstract: this study focused on to explore the importance of financial statement transparency on individual performance. By using a quantitative method with data collection technique used is to fill out a questionnaire conducted by the respondent, the study highlighted that the transparency of financial statements made by the company will affect the performance of each-individual who works for the company. Because by knowing the existing financial statements, the respondents think that the workers at the company will know what they will do after the results they get, namely by improving their performance or by stabilizing the performance they have mobilized.

Keywords: Transparency, Performance, Financial Reports.

1 Introduction

In the world of work there are a few things to consider and apply in order to realize ideals and goals. One of them is collaboration. Cooperation is a kind of process of social by certain actions manifested and aimed to achieved goals, assistance of one another, and understanding the actions of the other [1]. In addition, there is a need for mutual trust through mutual openness. This openness can be started by trying to share complaints that are perceived at work and to support each other in their actions. The support from the environment turns into motivation and enthusiasm in various companies. When it comes to openness between management and employees, we see the disclosure of annual financial statements of company or the so-called the transparency of annual financial statements.

This study analyzes the importance of the transparency of financial reporting for individual productivity in the world of work. Therefore, this study seeks to determine whether transparency in financial reporting affects the performance of each individual stakeholder.

2 Literature Review

2.1 Financial reporting transparency

Transparency of financial statements is derived from the words "transparency" and "financial statements", where transparency, according to Didjaja [3], is the government's openness to policy making so that it is known to the public. Didjaja [3]) also stated that

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transparency comprises the following five things:
a. Openness to important meetings where the public gives their opinion
b. Disclosure of information relating to documents that should be known to the public
c. Openness of the procedure
d. Open registers with legal facts
e. Openness to community participation.

Ministry Watch.com provides a way to determine an organization's level of transparency by dividing transparency into low, medium, and high categories.

Table 1. the level of transparancy

1	3	5
Low	Medium	High
Organization failed to respondpositively to requests for information	Organization responded to part of request or positively to all after multiple follow-ups to the initial request	Organization responded positivily after no more than onefollow-up to the initial request
Organization does not make financial statements of any kind available to the public	Organization makes minimal useful financial information available to the public	Organization makes numerousquality financial statements available to the public

Meanwhile, Baridwan [3] defines the annual financial statements as a summary of the recording process, i.e. a summary of the financial transactions that took place during the corresponding financial year. For the purposes of financial reporting itself [4], it is concluded that the purpose of report of finance as resource of information that useful for:
a. Making investment and credit decisions.
b. Estimating future cash flows.
c. Determining of assets

According to the Indonesian Institute of Accountants [5], the purpose of financial reporting is to provide information related to a company's net assets, financial position and results of operations that is useful for users in resulting economic decisions. According to the understanding of experts, it can be concluded that the annual financial statements provide information to address the financial statements, and to provide the report regarding financial position of the company.

Based on an understanding of these two words, Aristanti [6] said that transparency in financial reporting is behavior that ensures openness to all stakeholders such as the public, shareholders, entrepreneurs, the government and all stakeholders. It can also be concluded that financial reporting transparency is a situation where there is an openness within the company to generalize the company's financial information to the parties who need it and influence the decisions that are made for the continued existence of the company have to. DiMaggio and Powell [7] argue in financial reporting theory that the factors that contribute to the emergence of transparency in financial reporting are:
a. When financial statements are published transparently, a number of variables affect them. According to Ridha and Basuki [8], one of them is that external pressure influences the implementation of the transparency of financial statements.
b. Transparency in the implementation of financial reporting can also arise due to changes in the environment; a critical situation certainly forces all information in the financial

structure of the state to be transmitted truthfully, such as the Century case, which prompted everyone involved to act. An audit with a very transparent process, but also changes in the business situation or the environment can hinder transparency if all legal requirements and regulations are not complied with.

c. The introduction of a transparency process in financial reporting will certainly be achieved if all members of the organization are committed to its implementation. According to Robbins and Timothy [9], commitment is an expression of a promise that is fulfilled in an organization, a commitment is certainly fulfilled when every party in the organization fulfills its role correctly.

Performance

Refer to the behavioral approach, productivity is the quantity or quality of something produced or provided by someone who actually works [10]. Rivai and Basri [11] also suggest that performance is the result or degree of success of a person as a whole over a period of time in completing tasks, compared to various possibilities, such as working standards, goals or objectives, or criteria set beforehand arranged. From this we can conclude that productivity is a quality produced by a person or group that can be assessed after that person or group of people has completed the task or work.

According to Pravirosentono [12], performance is influenced by the following factors, namely a) effectiveness related to a certain goal can finally be achieved; b) authority, refer to the type of communication or order in a formal organization owned by a member of the organization, other members to carry out work activities according to his contribution. The assignment says what can and cannot be done in the organization; c) discipline complies with applicable laws and regulations. Employee discipline is therefore the activity of an interested employee in order to comply with an employment contract with the organization in which he works; and an initiative that relates to the power of thought and creativity in generating ideas for planning something related to the goals of the organization.

John Miner suggests 4 dimensions that can be used as benchmarks in assessing performance in general, namely (1) quality, namely the level of error, damage, accuracy, (2) quantity, namely the amount of work produced, (3) work time utility such as the rate of absenteeism, tardiness, effective working time / lost working hours, (4) Cooperation with other people in work [13].

To determine the performance of employees required special activities. Bernandin and Russell [14] stated six primary performances as follows a) quality about the degree that close to perfection or close to the expected goals; b) quantity that relates to nominal produced; c) timeliness that refer to an activity is completed at the desired time by coordination with other outputs including the time for other activities; d) cost effectiveness that relate to maximal utility the organizational resources (human, financial, technological, and material) to achieve the highest results or to decrease losses from each unit; e) need for supervision as a degree in which implementation a job function without requiring the supervision; and f) interpersonal impact, is the degree to in maintain self-esteem, good name, and cooperation among co-workers and subordinates.

Simanjuntak in Widodo [15] states that performance is affected by 1) quality and ability of employees, that related to education/training, work ethic, work motivation, mental attitude, and physical condition of employees. 2) supporting facilities, that refer to the work environment and matters relating to employee welfare.; and 3) super facilities, about government policies and industrial relations management.

The purpose of conducting performance measurement activities has been stated by

Sulistiyani and Rosidah [16] among other things: (1) to clarify the goals and objectives of management and employees, 2) to motivate employees to increase their productivity, (3) to distribute compensation by organizations or agencies, which may take the following forms: (4) promotion and honest promotion, (5) conducting research on human resource management.

According to Munparidi [17], the success or failure of a company in achieving its goals depends on the success of the organization's employees in performing their tasks. Individual organizations are likely to encounter various barriers to performing better, in order for their results to be well received by the company or the community in need. It can also be concluded from this that the performance of the employees in the company has a strong influence on the activities of the company and therefore managers also need to know from time to time how the employees are performing in order to make the right decisions. Every company has high expectations that employees can improve their performance. Because productivity is an element of individual success at work [18].

Based on research results, Nakharddin and Sadeghi [19] argue that the productivity of employees depends on the willingness and openness of the employee and others in the execution of their work. In addition, he found that the willingness and openness of employees to perform their tasks can increase employee productivity, which also leads to productivity. In order to achieve good employee performance, it is not only necessary to change individual employees, but also to create a supportive work environment. The work environment is everything around workers that can affect their performance in performing assigned tasks [20].

The work environment itself is divided into two types: physical work and non-physical work environment. The physical work environment includes all physical conditions in the workplace that can directly or indirectly affect employees, while the non-physical work environment includes all conditions that occur and are associated with work relationships, both work relationships with supervisors and with colleagues' relationships, work or relationships with subordinates. Creating a comfortable, safe and enjoyable work environment is one of the ways to improve the efficiency of your employees [21].

In a supportive environment, it is possible for working employees to always be motivated to always do their job with enthusiasm and to achieve maximum results. A study by Raziq & Maulabakhsh [22] argues that a good work environment, including an increase in employee productivity and productivity, increases the efficiency of the organization and lowers the costs of the company.

Hypothesis

The hypothesis of this study is the author's hypothesis on the problem examined in this journal, namely the importance of the transparency of annual financial statements for individual results. The author believes that transparency affects individual performance because the author believes that the preparation of financial statements facilitates the behavior and decision-making of all parties, both managers and employees, as well as decision-making when these relationships and decisions are made influence how the goal of the established company is to be achieved.

3 Methodology

This study uses quantitative research methods by generating descriptive data in the form of written or spoken words and observed behavior of people [23]. The primary data for this study were obtained by distributing questionnaires that were eventually completed by 23 respondents. The respondents to this study were students who understood and studied accounting courses.

The questionnaire submitted and filled in via the Google form is then sent directly to the respondents in the form of a link and the results directly on the Google drive. The deadline given when completing the questionnaire is 2 weeks. While secondary data in this study was obtained from journals and writings as well as from other articles that included theoretical research as a basis for strengthening this study. The variables in this study are the transparency of financial statement and the importance of it to individual performance.

4 Result

There are 3 (three) question elements that are asked using a questionnaire distributed on the Internet and filled in by 23 respondents. The first element that the author examines of the 23 respondents in the questionnaire is whether transparency in financial reporting is important to each person. Below are the results of the respondents.

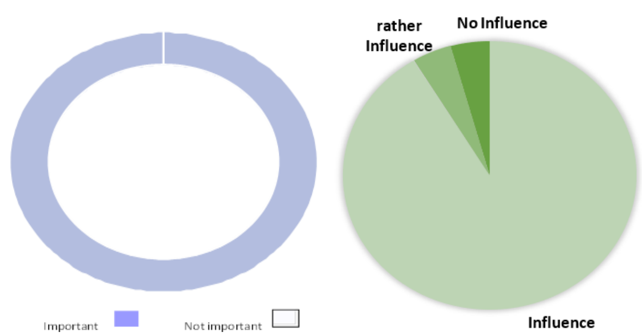

Fig 1. The Importance of Transparency in Financial Report and Type of Transparency Required

The second element that the author examines is the transparency of the financial reporting that every person needs. Below are the results of the respondents.

Fig 2: Transparency influences the employee performancediscussion

The last element that the study examines is whether the transparency of financial statements will affect the employee performance in the company. The explanations about the figure are namely:

Figure 1 shows that 23 respondents believe that transparency in financial reporting is important for everyone. Hence, the graph says that 100% of the results that appear in the answers are important. Transparency in the form of openness is very important in this study, namely financial reporting, for every element that is present in a company, but with existing limitations. These can be investors, investors need transparency of the annual financial statements so that the investor knows which decision he will make, namely, to invest in the company or not. Additionally, lenders also need transparency in financial reporting because with that transparency, lenders know the company's ability to raise funds and repay them to those lenders. From this we can conclude that the transparency of financial statements is very important so that every element associated with a company, be it a public company or a private company, is aware of it.

Figure 1 also shows what types of transparency respondents consider important for each person. From the results presented, two types of transparency can be distinguished that are most important in financial reporting, namely planning and wages. Planning is the effort or process we put into to achieve a company's goals and ideals. Aspects of planning are the formulation of goals and their attainment with the available resources [23]. This plan can be used for financial statements users to understand what they need to accomplish and approximately how much time they have to achieve those goals.

This planning is very important because otherwise the existing employees may not know what they are going to achieve, and they may postpone their work thinking there are no deadlines to meet. While a salary is a salary that each employee receives as a result of the hard work they have done over a period of time and is usually used for a month in a company. This salary is also important to the public because knowing the salary in the company will make them consider whether the work they are going to do is equal to their salary or their salary. While other workers, aware of the equivalence of their work, know if their salary will be the same or if they can get an extra salary in any given period. These are additional wages that are paid in the form of overtime or as wages for the services provided in order to give the company a good name. Salary is also one of the factors that affect employee productivity.

In addition to planning and wages, 15 respondents answered that the transparency of the accounting policy is also necessary for everyone. Policies can be referred to as the rules that exist in the company in which they work. Every company has its own policy, so its transparency is essential for the company's employees. In addition, when a policy is disclosed, employees can be asked to change existing policies if these are not compatible with the existing culture in the company, as the applicable policies also influence the achievement of corporate goals. The latter is the transparency of financial reporting in the form of requirements. These requirements will be required for job seekers who wish to apply to the company they work for because knowing the requirements in the company will prepare what they need to prepare before finally being hired by their company to work for want.

From the last graph, namely Fig 3, we can see that the majority of respondents believe that the transparency of financial statements can affect the performance of employees in the company, and the main reason is that with this transparency, employees know how it goes The company is that they knew how to behave. they will when they find out. Can improve his work, he can also increase the efficiency and effectiveness of his company. There are also those who argue that transparency has some impact on employee productivity because, in their opinion, only those who care about it know enough.

In addition, there are respondents who believe that such transparency does not affect employee performance in the slightest. It can therefore be concluded that the transparency of financial reporting can affect employee productivity.

5 Conclusion and Recommendation

According to result of study, it can be concluded that the transparency of the financial statements is a condition under which the creation of openness in the company regarding the generalization of the company's financial information to parties who and can influence. Decisions that must be made for the company to survive. From the results of the questionnaire distribution, it can be concluded that the transparency of the annual financial statements is important for every person, the types of financial statements can be in the form of pay slips and business plans. Transparency in financial reporting can have an impact on employee performance because transparency in financial reporting enables employees to improve their performance over the next period of time.

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