

An Analysis of the Use of Accounting Information on the Small and Medium Enterprises in Indonesia

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This study aims to analyse the use of financial accounting information and management accounting for small enterprises in Indonesia. The research sample was taken using an incidental sampling technique in 200 small and medium enterprises (SMEs) in the industrial sector, which are considered to adequately represent the condition of SMEs in Indonesia in general. The analysis technique used is descriptive and the hypotheses are tested using SEM. The results show that accounting knowledge, work motivation, corporate culture, and perceptions on the accounting benefits have a positive influence on the use of accounting information. Originality in this study is the discovery of a new model for the implementation of financial and management accounting by combining the internal factors of the owners in the form of knowledge, perception, and work motivation with the external factors, such as corporate culture as a determinant of the use of accounting information for entrepreneurs.

Keywords: *Accounting Information; Corporate Culture; Perception of Accounting Benefits; Work Motivation; Micro, Small and Medium Enterprises (MSMEs).*

Introduction

The micro, small and medium enterprises (MSMEs) comprise an important sector for the national economic development. In general, MSMEs play a role in the labour absorption, and income distribution and contributors for the country's Gross Domestic Products (Setyawati, 2018; Darwin, 2018). The data taken from the Dinas Koperasi dan UKM (the Ministry of MSMEs of Indonesia) in 2018, stated that the number of Indonesian MSMEs has reached 99.99 per cent of the total existing business units. The labour absorption has also been approximately

97.16 per cent. This potential should be followed up by professional business management, so that these small enterprises can further develop their business activities well.

The World Economic Forum has placed Indonesia's market at the fifteenth rank in the world. The most potential market, as a marketplace, comes for MSME products themselves. However, most Indonesian MSMEs are classified as family businesses that still use simple technology (Desmaryani, 2016), so that the business management is also still organised traditionally (Mulyani, 2018). This potential should be balanced with management reform to improve the market potential of the small business.

One of the management reforms that should be carried out by MSMEs is the existence of financial management and the use of accounting information within the company. Some small entrepreneurs still do not feel it is important, and they do not yet consider the need for the financial information (Salahudin, 2018), because they still consider that their business is 'only' a family business and have not yet aspired to develop their business management. Most of them are still profit-minded and not company-minded (Soraya & Mahmud, 2016).

The entrepreneurs need intensive and accurate accounting information for the right decision-making generated by accounting information (Whetyningtyas, 2016), as a manifestation of improving the competitiveness of a company. Accounting information can be used as a decision-making medium for stakeholders, both the owners and other parties, especially the decisions for financial management, because it involves business sustainability in the future (Amanda & Restuti, 2017). The use of accounting information as a business decision for developing countries is still lagging behind developed ones (Prastika & Purnomo, 2019). The developing countries should use accounting information for MSMEs to improve their economic growth rate.

The obligation to hold accounting records for MSMEs in Indonesia has actually been implied in the Law of the Republic of Indonesia Number 20 of 2008 on Micro, Small and Medium Enterprises, and in the Government Regulation of the Republic of Indonesia Number 17 of 2013 on the Implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. The government has emphasised the importance of recording and conducting accounting information for MSMEs. However, in fact, some SMEs feel that the financial records are not urgently needed due to the small size of their business.

The Board of Financial Accounting Standards has also published the 'Accounting Standards for Micro, Small and Medium Enterprises' (*SAK EMKM*). That is, the accounting standards that have been adapted to the conditions of small and medium enterprises in Indonesia, making it easier to implement and analyse information within them.

Literature Review

This research uses the theory of self-efficacy or also called social cognitive theory, formulated by Bandura and Locke (2003). Ryckman, Robbins, Thornton, and Cantrell (1982) stated self-efficacy is an individual belief that one is able to carry out certain tasks. There are four sources that cause improvement in the self-efficacy, namely proficiency in carrying out duties, modelling, verbal persuasion, and stimulation.

The operational definition's variables in this research are:

Variables	Definition	Indicators	Measurement
The Use of Accounting Information	A data that has been processed by recording, classification, measurement and reporting on financial statement during a period to be used in the decision-making process.	Information of Financial Accounting and Management Accounting (Source: IAI: 2018)	Semantic Differential Scale
Accounting Knowledge	A systematic process' knowledge of recording, classification, measurement and reporting on financial statement during a period.	Declarative and procedural knowledge (Lestanti, 2015)	Likert Scale
Company's culture	A company value system adopted by all members of the company.	1. Innovation and risk taking 2. Care to the details 3. Orientation to the results 4. Orientation to people 5. Orientation to the team 6. Aggressiveness 7. Stability (Source: Robbins and Judge, 2016)	Likert Scale
Work Motivation	Psychological process which can lead to enthusiasm to work individuals or groups to work for achieving the goals.	1. <i>Need for achievement</i> 2. <i>Need for power</i> 3. <i>Need for affiliation</i>	Likert Scale

		Source : Robbins dan Judge (2016)	
Perception of the benefits of accounting	The individual process interprets the benefits and conveniences that will be obtained from the application of the accounting process.	1. <i>Perceived usefulness</i> 2. <i>Perceived ease of use</i> (Source: Astarani, 2014)	Likert Scale

Framework and Hypothesis

The theory of self-efficacy, as one of the theories underlying the accounting knowledge variable in this study, states that proficiency in implementing the duties or work experience owned will make individuals become confident in doing so in the future (Ryckman et al., 1982).

This statement has also been supported by the research of Huda (2017), Asrida (2019), and Linawati and Restuti (2015), that accounting knowledge has the most dominant influence on the use of accounting information in SMEs. The business managers or leaders who have adequate accounting knowledge will use high accounting information as well. This is in line with the research conducted by Kurniawati and MeilianaIntani (2016), Sitorus (2017), and Sianturi and Fathiyah (2016), which stated that accounting knowledge influences the use of accounting information, and recording and preparing financial statements. On the other hand, the findings of Astarani (2014) show different results, where the accounting knowledge does not affect the use of accounting information.

H1: Accounting knowledge has a positive influence on the use of accounting information.

The self-efficacy theory states that one source of self-efficacy is stimulation. Continuous stimulation will create a culture for the company. This culture will later support the achievement of MSMEs owners. This can be one of the supporting factors for the success of the business management. The application of a good corporate culture will encourage good business financial management, and the accounting information can be utilised properly. Therefore, the business management will optimally develop further.

Previous research conducted by Muda and Erlina (2019) stated that the corporate culture influences the use of accounting information. This is different from the results of Wiratno and Setyaningrum (2014), who revealed that the corporate culture had no effect on the use of accounting information.

H2: Corporate culture has a positive effect on the use of accounting information.

The efficacy theory states that one form of the human motivation to do something is the existence of verbal persuasion (motivation). Furthermore, David McClelland mentioned in the theory of need, that one of the core determinants of one's behaviour is the need for power, which means a person's desire to act is influenced by the need for power. The desire for power possessed by MSMEs owners will motivate them to use accounting information for their business development. By utilising accounting information, they will be more free to decide the direction of the expansion of their business and in more directed manners.

This theory is supported by the results of Ismunawan's (2014) study, which stated that the variable of motivation influences the perception of small-scale industry players on understanding the accounting information. It means, that if the motivation of SMEs players is high, the perception of the benefits and the use of accounting information is also high. On the other hand, Lestanti (2015) stated that work motivation does not influence the perception of the use of accounting information.

H3: Work motivation has a positive influence on the use of accounting information.

The self-efficacy is one theory that underlies the perception variable on the benefits of accounting in the use of accounting information within the modelling aspect. MSMEs actors tend to use accounting information in making decisions when they know and are aware of the benefits obtained. This internal awareness can be initiated by sharing from colleagues who have benefited from the use of accounting information, or from their own business experience regarding the business decision-making process, based on the company's accounting information.

The above statement is supported by the results of the research of Astarani (2014), which showed that the perception variable on the benefits of accounting have a significant and positive influence on the use of accounting information in small and medium enterprises. The MSME owners who have realised the importance of the benefits of accounting information, of course, are happy to record their business activities to obtain the important information needed.

H4: The perception of accounting benefits has a positive influence on the use of accounting information.

Analysis and Findings

The data quality tests in this research are the validity and reliability tests. The results of the validity test show that all variables in this research are valid because they have a significance level of <0.05 . This means that all questions in the questionnaire can be used in this research. Besides the validity test, the reliability test results show that all the research variables have a value of Cronbach's Alpha of more than 0.70, so that the questionnaire in this research is reliable.

The next test is the normality test using the bootstrapping method with the value of $p = 0.519$, which fulfils the requirement <2.58 ; thus, it can be concluded that the data in this research are normally distributed. The correlation test in this study starts with a fit model test with the following results:

Table 1: Model Fit Summary

Note	Statistical Value	Reference	Conclusion
P	0.426	<2	OK
CMIN/DF	0.852	<2	OK
GFI	0.997	0-1	OK
AGFI	0.974	>0.90	OK
NFI	0.998	>0.90	OK
CFI	1.002	>0.90	OK

Source: Processed data 2018

Table 1 above shows that all assumptions meet the required reference, so that this research model is feasible. The correlation test with AMOS uses standardised regression weights with the following results:

Table 2: Standardised Regression Weights

Note	Estimated	Reference	Conclusion
Mot \rightarrow Akn	0.509	$P>0.01$	Ok
Akn \rightarrow Cul	0.597	$P>0.01$	Ok
Mot \rightarrow Cul	0.266	$P>0.01$	Ok
Akn \rightarrow Use	0.674	$P>0.01$	Ok
Cul \rightarrow Use	0.249	$P>0.01$	Ok
Cul \rightarrow Ifaima	0.407	$P>0.01$	Ok
Use \rightarrow Ifaima	0.420	$P>0.01$	Ok
Akn \rightarrow Ifaima	0.162	$P>0.01$	Ok

Source: processed data 2018

Table 2 shows that the estimated values of all the treated variables fulfil the reference, so that all previously designed hypotheses can be accepted. The relationship between accounting knowledge and the use of information has p value of 0.162 (more than 0.01), so **H1 is accepted**. The corporate culture with the use of accounting information has p value of 0.407 (more than 0.01), so **H2 is accepted**. The p value for the work motivation with the use of information is 0.509 (more than 0.01), so that **H3 is accepted**. The relationship between the perception of accounting and the use of accounting information has the p value of 0.420, which is also more than 0.01, thus **H4 is also accepted**.

The Influence of Accounting Knowledge towards the Use of Accounting of Information

The results of this research have successfully proven the positive influence of the accounting knowledge on the use of accounting information. The results are in line with the theory of self-efficacy; the theory which states that one source of self-efficacy (the individual's belief in being able to carry out the tasks) is proficiency in doing something when an individual obtains experience that is relevant to the task or work he is currently doing. Therefore, if the owners of MSMEs have adequate expertise in the accounting knowledge, there will be confidence that they are able to manage the accounting information properly.

The results of this research are in line with the research conducted by Linawati and Restuti (2015), and Wiratno and Setyaningrum (2014) who concluded that accounting knowledge has an effect on the use of accounting information. This is contrary to the results of the study of Astarani (2014), which stated that the accounting knowledge has a negative effect on the use of accounting information.

This study shows that the accounting knowledge of the business owners has an important role in the use of corporate accounting information. The entrepreneurs who have a good accounting knowledge will be more confident in utilising the accounting requirements to better manage their business. The business owners will feel the importance of accounting information in the success of their business development. Those who have a high accounting knowledge will always use the accounting information in making business decisions.

The Influence of Corporate Culture towards the Use of Accounting Information

The results of this study indicate that the corporate culture has a positive influence on the use of accounting information. This is in line with the need theory developed by McClelland, saying that the core determinant of the existence of a person's behaviour is the need for achievement, namely the motivation to act is influenced by the need for or desire for achievement.

The MSME owners have an ultimate goal to develop their business progress. One way to achieve it is by developing a good corporate culture and building all aspects of the company. Those that already have a good one tend to feel the need for accounting information in achieving their goals. The accounting information will provide clear descriptions regarding certain steps to be taken in achieving the objectives based on the current conditions. Correspondingly, the efficacy theory also mentions the existence of continuous stimulation, which will later become a corporate culture, and will further bring corporate goals closer to the use of accounting information in the decision-making process.

The results of this research are in line with Yanto, Handayani, Solikhah, and Mula (2016), who found that corporate culture has a significant influence on the use of accounting information. Through the implementation of a good corporate culture, the MSME owners will have a well-organised financial management too. This is contrary to the results of Wiratno and Setyaningrum (2014), stating that the corporate culture does not affect the use of accounting information, which means that the better the corporate culture that is applied will not affect the use of accounting information on MSMEs.

The Influence of Work Motivation towards the Use of Accounting Information

The results of this research indicate that the work motivation has a positive influence on the use of accounting information. This is in line with the need theory developed by McClelland (1987), which states that the core determinant of one's behaviour is the need for power, and the desire to act influenced by the need for power.

The entrepreneurs certainly have a goal to always make their business organisations successful and well-developed. In order to achieve this goal, they should ideally have high work motivation transmitted to their team members through verbal persuasion and examples of continuous actions, according to the theory of efficacy. This high work motivation is expected to accelerate the achievement of planned objectives. The existence of strong motivation also affects the use of accounting information, as a basis for corporate decision-making. Proper decision-making, of course, must also be based on accurate data. Through the use of accounting information, it is expected that the decisions made will be right as needed, so that the company's goals will be achieved as well. A person with high work motivation will also be aware of the high need for corporate accounting information in determining the success of the business carried out.

The results of this research are in line with Ismunawan (2014), stating that work motivation influences the perceptions of small-scale industry actors on understanding the use of accounting information. It means that the higher the work motivation, the higher also the perception of accounting information needs. In contrast, Lestanti (2015) found that work

motivation had no effect on the use of accounting information in MSMEs. High work motivation does not make the entrepreneurs feel the urgent need for the accounting information.

The Influence of Perception on Accounting Benefits towards the Use of Accounting Information

The results of this research show that the perception of accounting benefits has a positive effect on the use of accounting information. The results of this research are in line with the theory of self-efficacy. The theory states that one source of the existence of self-efficacy is a belief that individuals are able to carry out the tasks by seeing the success of other colleagues who succeed (modelling).

Someone who believes in the benefits of accounting in running his business, of course, will be motivated to use the accounting information in the decision-making process. Many employers have felt the benefits or importance of accounting information in providing relevant references or information in making decisions to achieve their business objectives.

The results of this research are in line with the results of the research conducted by Astarani (2014), showing that the perceptions on the benefits of accounting have a significant and positive influence on the use of accounting information. A high perception on the benefits of good accounting means a higher level of the use of accounting information in MSMEs.

Conclusion

The main result of this research is the finding of a positive influence between accounting knowledge, corporate culture, work motivation and perceptions of the benefits of accounting for the use of accounting information. This shows the consistency of self-efficacy theory in motivating the use of accounting information. The existence of a high accounting knowledge, a supportive corporate culture, high work motivation and a good perception of the benefits of accounting, makes SME entrepreneurs' interested in using accounting information in their decision-making.

The limitation in this study is the use of the sample with incidental methods, causing the research object not to have specific characteristics. Future studies are expected to use different object characteristics by looking at this research as a reference.

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