



Analysis of Factors That Influence the use of Accounting Information by MSMEs

Rizqy Aiddha Yuniawati
Airlangga University

Corresponding Author: Rizqy Aiddha Yuniawati;
rizqyaiddhayuniawati@gmail.com

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ABSTRACT

In general, the performance of small and medium enterprises (MSMEs) varies from year to year. The output growth rate of small and medium enterprises (MSMEs) changes every year. Financial management is one of the problems often faced by MSME. Although the impact of neglecting financial management may not be immediately visible, a potentially growing company can go bankrupt if it does not use proper accounting methods. There are several other challenges faced by MSMEs, such as a lack of accounting or bookkeeping knowledge, not having sufficient funds to hire an accountant or buy an accounting program that makes bookkeeping easier. It is hoped that this research can help micro and small businesses (MSMEs) make decisions about credit applications and tax calculations. MSME Community in Jenggawah, Jember in 2021 are the subject of this research. This research utilizes multiple linear regression analysis. The research results show that accounting knowledge behavior, firm age, and training on accounting have a significant effect on the use of accounting.

INTRODUCTION

Those who use accounting information, especially business people, use it to make decisions. Holmes & Nicholls (1989) says accounting information is quantitative information about economic entities that helps economic decision making in choosing between various alternative actions. Strategic planning, management supervision, and operational supervision use accounting information. The accounting information used in this research is based on benefits for users, and consists of statutory, budget and additional accounting information (Arifin et al., 2021).

Accounting information systems are the most important (Penman & Zhang, 2002). SMEs fail to develop because they cannot use and produce accounting information correctly. The main problem in building MSMEs is a lack of understanding about financial management. Many small entrepreneurs still do not record their business financial reports properly; some don't even do it at all. Small and medium entrepreneurs usually only record income and expenses. As a result, the company's net profit is difficult to know, making it difficult to obtain credit from banking institutions for business capital, and most MSMEs have problems producing good financial reports. Various other difficulties faced by MSMEs include poor educational background regarding accounting and record keeping, lack of funds for further education, and lack of knowledge about accounting and record keeping. In addition, the government has emphasized the importance of recording and maintaining accounting information for SMEs in the SME Law no. 9 of 1995 and Taxation Law no. 2 of 2007, which shows that MSME businesses face many challenges, such as low levels of education, lack of understanding of information technology, business size, and lack of reliability of financial reporting characteristics with the MSME entrepreneur environment. However, many small and medium entrepreneurs do not realize the importance of this.

There are many other challenges faced by MSMEs, such as lack of knowledge about accounting and recording procedures, lack of funds to hire an accountant, or buy accounting software to make accounting bookkeeping easier. In addition, small and medium enterprises (MSMEs) face many challenges, such as low levels of education, lack of understanding of information technology, business size, and lack of suitability of financial report characteristics to the environment in which the business develops.

Researchers have previously conducted research on how the use of accounting information impacts Small and Medium Enterprises in Yogyakarta. According to (Meiliana & Dewi, 2016), most small and medium businesses in Yogyakarta use an Accounting Information System (AIS) or Mind Your Own Business (MYOB).

Researchers conducted research with the title "Analysis of Factors that Influence the Use of Accounting Information by MSMEs" based on the phenomenon mentioned above, which shows that MSME actors in terms of accounting and efforts to improve it use available accounting information to make better decisions.

In accordance with the background and formulation of the problem, the aim of this research is to find out how accounting knowledge behavior influences the use of accounting information, to find out firm age influences the use of accounting information, to find out training on accounting influences the use of information.

THEORETICAL FRAMEWORK

Motivation Theory

The motivation of workers in an enterprise will always affect the provision and utilization of accounting information. When a person knows what they need and lack, they usually become motivated. The behavior shown in such activities is oriented towards the expected goals. This will have an impact on its performance. After seeing the results or effects of the performance performed, business people will reassess their needs (Sunarya, 2022).

Based on management's point of view, reinforcement theory will be very significant when it considers the benefits or advantages of providing accounting information in the decision-making process. In the same way, how much benefit accounting information offers will influence a company's management's willingness to provide it. If more people use accounting information, owners will be more motivated to provide deeper and more complete accounting information. The more people use accounting information, the more people know what they need and how their personal characteristics influence their decisions (Ganaprakasam, 2018)

Use of Accounting Information

According to Lestari et al., (2023) accounting information is information provided to companies that is required by Indonesian law to be provided. Accounting data is basically financial in nature and is mainly used for the purposes of decision making, monitoring and implementing company decisions. So that external and internal parties of the company can use it, accounting information must be stored in an appropriate format. In addition, accounting information must be used in strategic planning, management and operational supervision.

Factors Affecting the Use of Accounting Information

The factors for the use of accounting information include the following:

Accounting Knowledge Behavior

The preparation and use of accounting information is greatly influenced by the capabilities of the business owner. A small and medium business owner's formal education can determine their capabilities. The preparation and use of financial and management accounting information is greatly influenced by the level of formal education of small and medium business owners. Those who have a lower level of formal education, namely elementary school to general secondary school, will be more likely to prepare and use less accounting information than those who have a higher level of formal education, namely tertiary education. This is due to the fact that tertiary institutions provide more knowledge about accounting than lower tertiary institutions (Fauziah et al., 2014; Salsabilla et al., 2022).

Firm Age

In this case, length of business is defined as the amount of time spent by a Micro, Small and Medium Enterprise (MSME) to operate. In other words, length of business is defined as the amount of time spent by an MSME from the time it was established until the time the business activity was completed. Businesses that have been around longer usually tend to develop better because they have more experience in running them. In this way, the business will develop in the trade and competition climate that occurs in the business world or market to provide better capabilities to compete with other small and medium businesses (MSMEs) (Samudra, 2022).

Training on Accounting

Accounting training affects a manager's or MSME's comprehension of accounting procedures. Their proficiency in using accounting information increases with the frequency of accounting training they receive (Samudra, 2022).

Research hypothesis

The hypothesis proposed in this research is as follows:

- **Accounting Knowledge Behavior influences the use of accounting information.**

If the research results for t count are greater than t table and the significant value is less than 0.05. Thus, the first hypothesis is accepted because accounting knowledge behavior (X1) influences the use of accounting information (Y) in MSME Community. This means that accounting knowledge behavior greatly influences how accounting information is used.

- **Firm Age influences the use of accounting information.**

If the research results for the t count are greater than the t table and the significant value is less than 0.05. The second hypothesis is accepted because firm age (X2) has a significant influence on the use of accounting information (Y) in MSME Community in Jenggawah, Jember.

- **Training on Accounting influences the use of accounting information**

The research results show that H3 is accepted if the calculated t value is greater than the t table and the significance is smaller than 0.05. This shows that training on accounting partially has an impact on the use of accounting information (Y) in MSME Community in Jenggawah, Jember.

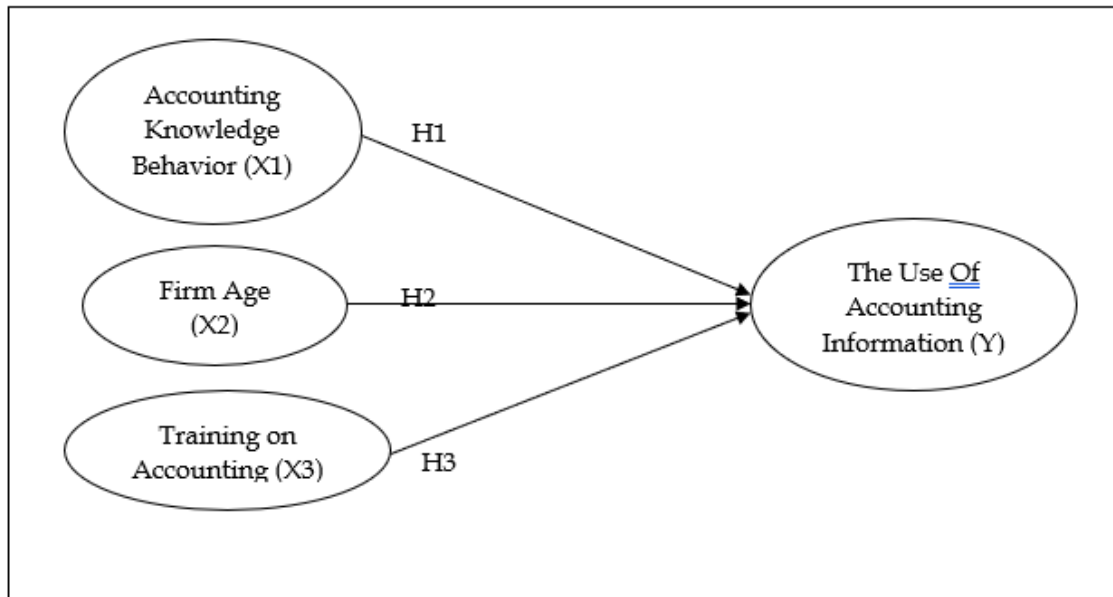


Figure 1. Conceptual Framework

METHODS

Population And Sample

In this research, the population used is MSMEs included in Jenggawah, Jember Community, total 103 MSMEs. A simple sampling method was used and the sample size was calculated using the Slovin formula.

$$n = N \frac{1}{N(D)^2 + 1}$$

Information:

n = sample size

N = population size

D = allowance for inaccuracy due to tolerable sampling error

$$n = 103 \frac{1}{103(0,1)^2 + 1}$$

$$n = 103 \frac{1}{2,03}$$

$$n = 50,74 = 51$$

Analysis Method

Hypotheses 1 and 3 were tested using multiple linear regression analysis using the equation below:

$$Y = a + b_1X_1 + b_2X_2 + B_3X_3 + e \dots\dots\dots (2)$$

Information:

a = Constant

b1 = Regression Coefficient X1

b2 = Regression Coefficient X2

b3 = Regression Coefficient X3

- X1 = Accounting Knowledge Behaviour
 X2 = Firm Age
 X3 = Training on Accounting
 e = Error Factor

Data Collection Technique

This research uses primary data and secondary data. The primary data used in this research was obtained directly from a survey conducted by distributing questionnaires to MSMEs in Jenggawah, Jember. Secondary data used in this research includes the number of MSMEs in Jenggawah, Jember obtained from the Jember MSME Community.

Data Analysis

Data analysis was carried out using the help of a computer program, namely SPSS (Software Product for the Social Science). There are several data analysis techniques used in this research, namely descriptive statistics, residual tests and multiple linear regression analysis.

RESULTS

Variabel Description

Table 1. Descriptive Statistics Accounting Knowledge Behaviour

Education Levels	Frequency	Percent	Valid Percent	Cumulative Percent
Junior High School	7	13.7	13.7	13.7
Senior High School	20	39.2	39.2	52.9
Diploma	15	29.4	29.4	82.4
Bachelor Degree	9	17.6	17.6	100
	51	100	100	

Source: Primary Data Processed in 2023

Table 2. Descriptive Statistics Firm Age

Firm Age	Frequency	Percent	Valid Percent	Cumulative Percent
Small	28	54.9	54.9	54.9
Intermediate	23	45.1	45.1	100
	51	100	100	

Source: Primary Data Processed in 2023

According to the table above, the respondents with the highest level of education – 20 individuals, or 39.2% – were in high school, while the respondents with the lowest level of education – 7 individuals, or 13.7% – were in junior high

school. These findings are consistent with descriptive statistics for the accounting knowledge behaviour variable. Small firms made up the majority of respondent companies, with 28 (54.9%) and medium-sized businesses, with 23 (45.1%), being the largest size.

Table 3. Descriptive Statistics Training on Accounting

	N	Minimum	Maximum	Mean	Std. Deviation
Training on Accounting	51	0.00	18.00	6.5098	4.82233

51

Source: Primary Data Processed in 2023

Table 4. Descriptive Statistics The Use of Accounting Information

N	Valid	51
	Missing	0
Mean		3.1059
Median		3.3100
Std. Deviation		1.19706
Minimum		1.00
Maximum		3.00

Source: Primary Data Processed in 2023

The standard deviation of MSME owners' attendance was 4.82233, with an average of 6,5098 training sessions attended, ranging from 0 to 18 times. A total of sixteen questions on a five-point Likert scale were used to measure the varied use of accounting information for decision making. The results indicate that the minimum and maximum values that could be entered were 1 and 5, respectively. As compared to the centre value of 3.3100, the average value of the respondents' responses is 3.1059. It follows that MSME owners continue to underuse accounting information.

DISCUSSION

Table 5. Multiple Regression Test Results (F Test)

Model		Sum of Square	df	Mean Square	F	Sig
1	Regression	65.319	3	16.330	118.689	0,000 ^a
	Residual	6.329	46	0.138		

71.648

49

Source: Primary Data Processed in 2023

The aforementioned table indicates that the three independent variables positively affect the utilisation of accounting information, as evidenced by the F value of 118.689 and the significant probability level of 0.000, which is less than 0.05, for the model developed in the study. Therefore, it can be said that the usage of accounting information by MSMEs in Jenggawah, Jember is positively impacted by accounting knowledge behaviour, firm age, and training on accounting. This hypothesis supports research by Holmes & Nicholls (1989; Pratama et al., (2023) All independent variables have an effect significantly on the use of accounting information.

Table 6. Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std Error of Estimate
1	0.955 ^a	0.912	0.904	0.37092

Source: Primary Data Processed in 2023

The above table shows a R square value of 0.912 (91.2%), meaning that 91% of the variable variation in the use of accounting information for MSMEs is caused by the dependent variables accounting knowledge behaviour, firm age, and training on accounting. The remaining 8.8% is affected by other variables.

Table 7. Regression Results

Model		Unstandardized	Coefficients	Standardized Coefficients	t	Sig
		B	Std Error	Beta		
1	(Constant)	0.726	0.257		2.820	0.007
	Accounting Knowledge Behaviour	0.206	0.101	0.163	2.031	0.048
	Firm Age	0.57	0.026	0.162	2.204	0.033
	Training on Accounting	1.38	0.019	0.555	7.304	0.000

Source: Primary Data Processed in 2023

According to table 7, there is a significance probability of 0.048 for the accounting knowledge behaviour variable. This significance probability value is lower than 0.05, so the hypothesis (H1) is accepted, which means that accounting

knowledge behaviour has a positive influence on the use of accounting information in micro, small and medium enterprises (MSMEs) in Jenggawah, Jember.

The computation findings' regression coefficient value, which is positive and amounts to 0.206, indicates that the use of accounting information will rise by 206 units for every 1000 units of increased accounting knowledge. That is to say, MSMEs will use accounting information more frequently the more knowledgeable they are about accounting. According to studies by Holmes & Nicholls (1989); Pratama et al. (2023), the owner's extremely low formal education level has an impact on how accounting information is used. These findings are consistent with their findings.

A significant probability value of 0.033 and a significant probability value below 0.05 are found for the firm age variable. Thus, hypothesis (H2) is accepted, indicating that there is a significant influence between the age of the firm and the use of accounting information in small and medium-sized enterprises (MSMEs).

The regression coefficient from the calculation results shows a positive sign of 0.057, which indicates that with every addition of 1000 units of firm age, there will be an increase of 57 units in the use of accounting information. This shows that MSMEs will use more accounting information if they are older.

For the accounting training variable, there is a significance probability of 0.000 and a significance probability value of less than 0.05. Thus, hypothesis (H3) is accepted, which means that accounting training and the use of accounting information have a positive impact on MSMEs.

The regression coefficient from the calculation results shows a positive sign of 0.138, which means that every additional 1000 units of accounting training for owners will increase the use of accounting information by 138 units. This shows that the more frequently owners attend formal accounting training, the greater the use of accounting information in MSMEs.

CONCLUSIONS AND RECOMMENDATIONS

Numerous factors that affect how MSMEs in Jenggawah, Jember use accounting information were identified by this study. It has been demonstrated that the four criteria under investigation—accounting knowledge, company age, and accounting training—have a favourable effect on the use of accounting information. This demonstrates the drive among small- and medium-sized business (MSME) owners to make use of accounting data.

This study has limitations. First, this study did not collect in-depth information about the courses the respondents had attended. As a result, researchers cannot confirm whether the training increased respondents' understanding of the importance of accounting information. Second, to reach stronger conclusions, similar research must be carried out with larger samples and in wider locations because the data collected is very small compared to previous studies.

FURTHER STUDY

Taking these limitations into account, further research should be conducted regarding the potential influence of other factors on the use of MSME accounting information. Apart from that, it is recommended that parties with an interest in the progress of MSMEs in Jenggawah, Jember provide training and guidance regarding accounting knowledge.

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