



Analysis of Factors Influencing the Use of Accounting Information in Small and Medium Enterprises at Palembang

Aldo Pirando¹⁾, Harsi Romli²⁾, RM. Rum Hendarmin³⁾

^{1),2),3)}Universitas Indo Global Mandiri, Palembang, Indonesia

Email: aldo.pirando@gmail.com¹⁾, harsiromlih@uigm.ac.id²⁾, hendarmin@uigm.ac.id³⁾

Abstract

This study aims to determine the analysis of factors affecting the accounting information utilization on small and medium enterprises in Palembang. The population in this study was the MSME manager of Palembang City. The sample collection method utilized Simple Random Sampling. The final total respondents were 100. The data were analyzed by descriptive statistical methods, validity tests, reliability tests, classical assumptions, and multiple regression analysis. The results of the study indicate that several factors influence the use of accounting information in small and medium businesses in Palembang, namely business scale has a significant effect on the use of accounting information. Then the age factor of the company, education, and accounting training also affect the use of accounting information. This research is expected to assist MSME to consider the factor that affects use the Accountant Information Application

Keywords: business scale, level of education, training accounting, age company

1. Introduction

From year to year, MSMEs in Indonesia have a very important role, especially in terms of providing jobs. This opinion is based on various facts and phenomena which show that this business group employs more people than other business units. It was proven that when the economic crisis in Indonesia in 1997 resulted in the collapse of the national economy, in the midst of a downturn due to the monetary crisis in various economic sectors, Micro, Small and Medium Enterprises (MSMEs) could survive and even become economic restorers. The MSME sector has been able to show stronger performance in dealing with times of crisis and MSME has also proven to be able to accommodate 99.45% of the total workforce or 73.24 million workers. MSME is a very strategic potential for the national economy. This is caused by the spread of MSMEs to remote rural areas and their large number (Salamah, 2010; Harini, Agnes Sinta, Asep Kurniawan, and Indah Umiyati, 2019).

Accounting is a supporting tool that can be used by MSMEs to manage finances within the company (Sandrayati, Masnila, & Sari, 2016). Stein (2013) explains that the main purpose of an accounting information system (AIS) is to collect and record all data and information regarding events that can have an economic impact on the organization and then manage, process and communicate this information to internal stakeholders. and external organizations. According to Puspitawati & Anggadini (2014) the use of accounting information can be a support in the decision-making process where decision-making on every line of the organization can be achieved immediately.

Weygandt, et al (2015) the success of any business ultimately refers to the numbers generated by the accounting information system. Stakeholders will rely on these numbers to make decisions and managers will use them to evaluate the performance of the organization. This applies to all parties involved in marketing, production, management, or information systems. In a business, accounting and financial reports are tools for communicating numbers. A



businessman will not really know the performance of his business if he does not know how to read financial reports. It is known that the importance of managing regular and quality financial information in any business. Because quality financial information can help make effective decisions from all sides, such as funding, investing, planning, reporting and paying taxes, and so on. Meanwhile, the preparation and production of quality financial information can be done with or without the use of technology. Financial management and the use of accounting information systems also apply to MSMEs.

According to McMahon (2001) there is a great need to pay attention to financial management and financial reporting if growing MSMEs want to succeed well and progress. Improved financial supervision and management in growing MSMEs can and should start with significant improvements in the quality of their financial reporting systems. In ensuring the success of MSMEs, these companies should apply an accounting system that gives them an overview of the performance of their business and financial position, allows companies to compare their performance over time and between similar companies, and helps administration to identify weaknesses, strengths, opportunities and obstacles that arise. faced by them in order to make good use of resources in the short or long term. A high company turnover has a high level of financial management complexity as well, thus requiring the use of an accounting system to facilitate the company's financial management (Abd-alghani and Ameen, 2005).

The urgency to achieve economic efficiency and cost savings for the purpose of increasing long-term competitiveness and sustainability, has created a high demand for the use of goods. The achievement of business success is quite influenced by accounting information, so that in making decisions the owner is supported by information with systematic data for business development, such as decisions on price development, market development, investment development and in relation to creditors and the government (Lukman, E. 2014). Therefore, the sustainability of MSMEs is something that must be considered by business owners, in this case, namely the use of accounting information in financial management in their business. However, in reality there are still many MSMEs in Palembang City who do not pay attention to financial management. This is supported by several previous studies which explain that an analysis of factors influences the use of accounting information in small and medium enterprises.

The owner or manager's business scale on the use of accounting information that has been studied by Ayu Wandiri, Asep, Sukmo shows that the owner's or manager's business scale has an effect on the use of accounting information. The education level of the owner or manager has an effect on the use of accounting information which has been studied by Nur Rifai, Anggi, Irpam showing that the educational level of the owner or manager has an effect on the use of accounting information. Owner or manager accounting training on the use of accounting information that has been researched by Ayu Wandira, Asep Sukmo, Ari Budi shows that owner or manager accounting training has an effect on the use of accounting information. Firm age on the use of accounting information that has been studied by Rian, Siska shows that firm age has an effect on the use of accounting information.

Based on preliminary studies that have been conducted by researchers on several MSMEs in Palembang City, it is known that entrepreneurs do not understand financial records and reports properly, and some do not keep financial records. by entrepreneurs who do not understand accounting, entrepreneurs who are less disciplined and diligent in making financial reports and do not have the funds to employ accountants independently. Low education, lack of understanding of information technology, lack of reliability of entrepreneurs in the characteristics of financial reports is a problem for MSMEs in Palembang City.



This research is a development of previous studies, and adopts several research variables including leadership time at the business scale level, education of the owner or manager, accounting training attended by the owner or manager, and the age of the company. Small and medium companies that have the same type of business as the object of this study, with the aim of minimizing the possibility of other variables that may influence the use of accounting information in order to provide significant results, this research involves a relatively large number of industries in Palembang.

2. Method

The objects of this research are entrepreneurs who have received inherited assets and those who use inherited assets for business development. Included in the object of research are MSME owners/managers in the city of Palembang. In this study the authors used quantitative research because the data obtained would later be in the form of numbers. The numbers obtained will be further analyzed in data analysis. In this quantitative study, researchers used several main data collection techniques, namely documentation and questionnaires.

The researcher used an instrument in the form of a questionnaire with an attitude scale (Likert scale) made in the form of a checklist to determine the effect of business scale, education level, accounting training and company age on the use of accounting information in Palembang SMEs. Then all indicators are used as a starting point for compiling instruments in the form of statements or questions, with options: Strongly Agree (SS), Agree (S), Neutral (N) Disagree (TS), and Strongly Disagree (STS).

The population in this study are MSME owners/managers in Palembang City. The selection of this population is based on the area where the MSME runs its business so that it can be used as a respondent to find out the use of accounting information on MSME. The criteria for determining the population and sample taken in this study refer to the MSME sample according to Law Number 20 of 2008, namely as follows:

- a) Business capital below 200 million rupiah
- b) The total workforce is less than 7 people
- c) Turnover below 250 million per year

Table 3. MSME Data for Palembang City

No	Types of MSMEs	Amount
1.	Pempek	36
2.	Keripik	8
3.	Bakso	16
4.	ATK	15
5.	Jemputan	27
6.	Songket	19
7.	Warung Manisan	8



8.	Konveksi	16
9.	Trevel	8
10.	Baju	8
11.	Tenun	16
12.	Souvenir	13
13.	Kerajinan	15
14.	Kerupuk	21
15.	Kue dan Roti	14
16.	Rumah Makan	16
Amount		257

Sources : Palembang City Cooperative Service Data, 2020

In conducting this research, researchers used samples to streamline time and costs, so that not all SMEs become objects. The sampling technique used in this study was random sampling. According to Roscoe in Sekaran & Bougie (2017) determining a sample size greater than 30 and less than 500 is appropriate for most studies and for multivariate research (including multiple regression analysis). The sample used was MSME owners/managers who were randomly found in various regions in Palembang.

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{257}{1 + 257 (0,1)^2}$$

$$n = \frac{257}{1 + 2,57}$$

$$n = \frac{257}{3,57} = 71,98$$

The sample used in this study was 72 SMEs in Palembang City.

3. Results and Discussions

3.1 Effect of Business Scale on the Use of Accounting Information

Based on the results of partial testing using the t test, the ushah scale variable has a t count of 5.272 with a significance of 0.000 below a significance of 0.05. Thus t count > t table or 5.272 > 1.666. So it can be concluded that the business scale affects the use of accounting information. These results prove that the hypothesis is accepted, business scale has a significant effect on the use of accounting information. The business scale of the use of accounting information is progress in managing the company which will be much more increased if the use of affective information can make the company more developed in order to provide information to other parties as well as increasing employees from year to year indicating the company is growing



and developing because large companies will requires a large number of employees. If the business scale increases, the proportion of companies providing accounting information and additional information also increases (Meliana & Dewi, 2015). The use of accounting information will greatly assist in managing the complexity of a company. Nichols (1989) business scale has an effect on the use of accounting information. The results of the study state that the use of accounting information provided depends on the scale of the business, which is measured by the amount of income or sales proceeds and the number of employees.

Thus, if the business scale increases, the proportion of companies using statutory accounting information, budgets and additional information also increases. This is because, the increasing number of employees with existing classifications, the need for accounting information will increase. Along with the development of the company, of course employees need information to know their rights, the climate or atmosphere that occurs in the company, social security that can be enjoyed, and so on (Sofyan Safri, 2001: 447). The factor that influences the use of accounting information systems for MSMEs in Palembang is business scale, where business scale is the company's ability to run its business which can be seen from the number of employees or the number of employees working for the company. Business scale is related to the grand theory used in this study, namely Stakeholder Theory or interested parties which explains that one of the interested parties in Stakeholder Theory is a company employee.

3.2 Effect of Company Age on the Use of Accounting Information

The firm age variable has a t count of 6.565 with a significance of 0.000 below a significance of 0.05. Thus $t \text{ count} > t \text{ table}$ or $6.565 > 1.666$. So it can be concluded that the age of the company affects the use of accounting information. These results prove that the hypothesis is accepted, firm age has an effect on the use of accounting information. The age of the company describes how long the company has been operating. The longer the company's business runs, the result is a business development that leads positively or negatively (Aufar, 2013). Company age describes the company's experience in dealing with various conditions that occur in the business world. A business that has been established for a long time can be said to already know the trade climate and competition that affects the company. MSMEs that have been running for a long time will indicate a need for accounting information which is very necessary because it has a higher complexity.

The second factor that influences the use of accounting information systems in MSMEs in Palembang City is the age of the company. In relation to Stakeholder Theory, where if the relationship between stakeholders in a company can affect the age of the company or the length of time the company has been established. In stakeholder theory it is explained that, the stronger the stakeholder relationship, the better the company's business will be. Without the support of interested parties, the company cannot live continuously, therefore the use of accounting information in companies is a way to manage the trust of interested parties in order to produce a harmonious relationship between the company and its stakeholders.

This research is in line with research conducted by Holmes (2006) which states that company age influences the use and preparation of accounting information in small and medium enterprises. The results show that companies that have existed for 10 years or less will provide more statutory accounting information, budget accounting information and additional accounting information to be used in decision making, in contrast to companies that have existed for 11-20 years. This is because, in addition to being influenced by business size, company growth is also influenced by the age of the company, which incidentally is that the younger the company, the tendency is to use extensive accounting information for decision-making purposes compared to older companies.



3.3 The Influence of Education on the Use of Accounting Information

The education variable has a t count of 4.011 with a significance of 0.000 above a significance of 0.05. Thus $t \text{ count} > t \text{ table}$ or $4.011 > 1.666$. So it can be concluded that education influences the use of accounting information. These results prove that the hypothesis is accepted, education has an effect on the use of accounting information. Education is a process of changing the attitudes and behavior of a person or group of people in an effort to mature humans through teaching and training efforts. Education describes the process of the owner/manager to increase knowledge, technical skills and organizational abilities (Budiyanto, 2014). The lower the level of formal education of the owner/manager, the lower the preparation and use of accounting information in his business compared to the owner/manager who has a higher level of formal education. Owners or managers of companies who have additional education will affect the preparation and use of accounting information, such as the higher the level of one's education and the trainings attended to support the owner's/manager's knowledge, especially with regard to accounting. Another factor that can influence the use of accounting information is the benefit of the education of managers/owners with differences in the level of formal education attained. Formal education owned by the owner/manager can increase the manager's confidence in acting in using accounting information for decision making.

Education as the third factor influencing the use of accounting information systems in UMKM Palembang is related to the grand theory used in this study. Formal education owned by company owners or managers in the company will support the progress of the company, this means that education will affect interested parties or stakeholders in the company, in this case Stakeholder Theory discusses interested parties in the company. The results of this study are reinforced by research conducted by Murniati (2002) which states that the education level of managers/owners greatly influences the level of information use in small and medium enterprises. A low level of formal education will also lower the preparation and use of accounting information compared to a higher level of formal education.

3.4 Effect of Accounting Training on the Use of Accounting Information

The accounting training variable has a t value of 3.589 with a significance of 0.000 above a significance of 0.05. Thus $t \text{ count} > t \text{ table}$ or $3.589 > 1.666$. So it can be concluded that accounting training has an effect on the use of accounting information. These results prove that the hypothesis is accepted, accounting training has a positive effect on the use of accounting information. Accounting training is a person's process of improving accounting skills that are useful for companies (Budiyanto, 2014). Accounting training will determine how good/bad the owner/manager is in mastering accounting techniques (Andriani & Zuliyati, 2015). According to Solovia in Meiliana & Dewi (2015) the accounting training in question is accounting training held by higher education institutions, non-school educational institutions, departmental training centers, or certain offices. The more training attended by the owner/manager, the more knowledge about accounting and the importance of using accounting information so that it tends to produce more accounting information compared to those who rarely or never even attend training.

Accounting training as a factor influencing the use of accounting information in SMEs in Palembang. Accounting training for the parties or company employees will support the ability of the parties within the company. Where employees and parties participating in accounting training are interested parties or Stakeholders. Stakeholder Theory as a grand theory in this study has a relationship with accounting training for employees and supporting company success. These results are in accordance with the theory put forward by Holmes and Nicholls



(1989) and the results of research conducted by Grace (2003) and Astuti (2007), who found that accounting training that had been attended by business managers/owners had an effect on the provision and use of accounting information in their business. . Accounting training in question is accounting training organized by an educational institution outside of school, higher education institutions and certain departmental or service training centers. Managers/owners who have attended accounting training will tend to carry out accounting for their businesses. This is because managers/business owners have realized the importance of accounting in running their business

4. Conclusions

Based on the results of the analysis from the discussion that has been described previously regarding the Analysis of Factors Influencing the Use of Accounting Information in Small and Medium Enterprises in Palembang, it is concluded that:

1. Business scale has a significant effect on the use of accounting information. The increase in employees from year to year indicates that the company is growing and developing because large companies will need a large number of employees as well. If the business scale increases, the proportion of companies providing accounting information and additional information also increases.
2. Age of the company affects the use of accounting information. The age of the company describes how long the company has been operating. The longer the company's business runs, the more positive and negative the business development will be.
3. Education influences the use of accounting information. A low level of formal education will also lower the preparation and use of accounting information compared to a higher level of formal education.
4. Accounting training has an effect on the use of accounting information. Managers/owners who have attended accounting training will tend to carry out accounting for their businesses. This is because managers/business owners have realized the importance of accounting in running their business.
5. Business scale, company age, accounting education and training affect the use of accounting information in small and medium enterprises in Palembang.

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