

## **Analysis of factors influencing the use of accounting information on SMEs in Badung Regency**

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### **ABSTRACT**

This study aims to analyze the level of education, business scale, accounting training, accounting knowledge, and the use of accounting information in micro, small, and medium enterprises in the Badung district. This research is quantitative in nature, and the data used consists of primary data obtained by distributing questionnaires to MSME actors in the Badung regency. The population of this study comprises all MSMEs registered in the Badung Regency who have paid their annual taxes, amounting to 3,350 MSMEs. The sample for this study was selected through simple random sampling, utilizing the Slovin formula. The results revealed that the level of education, accounting training, and accounting knowledge had a positive effect on the use of accounting information in micro, small, and medium enterprises in the Badung district. However, business scale exhibited a negative effect on the use of accounting information in micro, small, and medium enterprises in the Badung district.

Keywords: education level, business scale, accounting training, accounting knowledge, use of accounting information

### **1. Introduction**

The growth of MSMEs taxpayers in Badung Regency is increasing every year. Micro, small, and medium enterprises (MSMEs) build economic growth. MSMEs are considered capable of creating productive employment. Micro, small, and medium enterprises (MSMEs) are economic activities that are mostly carried out by Indonesian people as a source of income.

The function of MSMEs is a small business unit that is able to play a role and function as an alternative provider of productive business activities and can also increase national economic growth, in terms of employment absorption, so as to reduce the problems of unemployment and poverty which are national problems that cannot be resolved. by the provincial and central government. Therefore, the government must pay attention to these MSMEs so that people who have not been moved to open a business become interested in independent entrepreneurship.

Accounting is a supporting tool that can be used by MSMEs to manage finances within the company [1]. According to [2] the use of accounting information can be a support in the decision-making process where decision-making can be reached immediately in all areas of the organization. The results of accounting information are useful for measuring and explaining financial information from the company's financial activities. Accounting information empowers users to take action to address problems and uncertainties within organizations [3].

It was also explained that the application of good accounting in managed companies will obtain a lot of information from financial reports that are systematically arranged. For example, how much profit is obtained, how much additional capital is generated and the balance of one's rights and obligations. Because good and accurate financial management has a positive impact on the MSME business. The biggest problem in developing MSMEs relates to the company's

financial management, because good management requires MSMEs entrepreneurs to have good accounting skills. Indeed, the existence of financial reports allows owners to receive information and information that is organized systematically [4].

However, running an MSMEs is something that is not easy, as evidenced by several companies that survived, even if only for a short time, and had to close because they could not compete with other companies. This is partly due to the use of accounting information systems that have not been controlled and are not even used in their business. The use of accounting information that still hinders MSMEs performers is due to low levels of education, business training, managerial experience, and a lack of understanding of information technology and unreliable financial reporting functions. Therefore, efforts must be made to collect and seek to increase MSME knowledge related to accounting, so that they can use existing accounting knowledge to improve quality in decision making. In fact, most small businesses in Indonesia do not organize and use owner accounting information to manage their businesses. Small business owners lack accounting skills and many of them do not understand the importance of record keeping and bookkeeping when it comes to business continuity. For small business owners, the accounting process is not that important [5]. Based on the discussion of these problems, this study analyzes the factors that influence the use of accounting information to help SMEs understand the importance of using accounting information in running the business.

#### **Stakeholder theory**

The theory of interested parties (stakeholder theory) is a basic basis used in understanding the business practices of companies including MSMEs. Theory This sees the existence of a relationship between mutually interested parties influence within the company.

The definition of stakeholder theory according to [6] are any group or individual who can affect or is affected by the achievement of the organization's objectives.

Parties have an interest in the traditional “family” of shareholders namely owners, managers, employees, suppliers, consumers, creditors, and the public general. Stakeholders and organizations influence each other, can be seen in social relations both in the form of responsibility and accountability, therefore the organization has accountability to its stakeholders [7]. The primary concern is not to change the parties' behavior interested, but environmental forecasting in the future. A company is not an entity that only operates for its own benefit, however, it must benefit its stakeholders [7]. Associated with this research, Stakeholder Theory is relevant to explain the use of accounting information on SMEs. Stakeholders have the right to obtain information regarding the company's activities affect them. The stronger the stakeholder relationship, the better company business. Without the support of interested parties then the company cannot live continuously, hence the use accounting information on the company is a way to manage the trust of interested parties to produce a mutually beneficial relationship harmony between the company and its stakeholders. Accounting information about past and future changes and emergence problems and issues are very important for the company's planning process and decision making [8].

#### **MSMEs definition**

In Law no. 20 of 2008 concerning micro and MSMEs, micro enterprises and MSMEs are defined as follows: Micro businesses are productive privately owned companies and/or private entrepreneurs that meet the criteria for micro businesses (assets of not more than 50 million and turnover of not more than 300 million). Small business in the sense of this law is a productive economic single business managed by an individual or business unit that is not a subsidiary or related company of a company that directly or indirectly owns, controls, or partially controls medium or large businesses and generates sales > 300 million - 2.5 billion),

Medium business is a productive economic business that stands alone and is managed by an individual or legal entity that is not a subsidiary or affiliate of a business that directly or indirectly owns, controls or is part of a micro or large business. net worth or annual sales revenue forecasted in this law.

### **Level of education**

The educational ability of MSMEs owners has a huge influence on how information is processed and used by accounting. The educational qualifications of owners of small and medium enterprises are determined by the formal education possessed by MSMEs performers, which will have a great influence on running the business.

In terms of using accounting information for the preparation of financial reports, if their level of formal education is low, namely the level of elementary to high school education, the MSMEs performers will also be lower in terms of using accounting information for preparing financial reports compared to high levels of formal education such as college level. If the level is high, the actors will be better prepared in terms of preparing financial reports. This is because higher accounting teaching materials are given in higher education compared to lower education [9].

### **Scale enterprises**

Business scale is a company's ability to manage its business by taking into account the amount of resources, number of employees and income generated during one accounting period. Business scale is also an indication of the development of a company where a large company will have an impact on the employees involved [10].

The number of employees that will increase from year to year will indicate that the company is capable of growing, this is because large companies will require even more employees. If the business scale increases, the company in preparing financial reports will also increase and in terms of providing accounting information will also increase [11]. In terms of the use of accounting information, this will greatly affect the company so that the company can manage the complexity of running the company.

### **Accounting training**

In accounting training, this will greatly determine how a person's process will improve their abilities in the field of accounting. Accounting training will be very large in determining how capable business owners are in using accounting information. According to Solovia in [11] Accounting training is meant as accounting training held by higher education institutions, out-of-school educational institutions, departmental training centers, or certain services. If more and more training will be attended by business owners, knowledge of accounting will also increase, so that this will produce even more accounting information so that company owners can be even more professional in running their business and in making decisions in a business.

### **Accounting Knowledge**

Accounting knowledge is knowledge of how to classify, analyze and also record the financial activities of a company. According to [12] accounting is the process of recording, classifying, summarizing, reporting, and analyzing an organization's financial information. The process of learning about accounting will increase the accounting knowledge of entrepreneurs (managers), so that the understanding of entrepreneurs (managers) to apply accounting information will also increase. In other words, studying accounting knowledge will also be able to increase understanding for business owners, especially UMKM actors, so that they can produce good financial reports and can be used for interested parties in the company's activities.

### **Use of Accounting Information**

Accounting information will provide benefits to companies in the decision-making process and solve a problem faced by the company. In accounting information, companies can also analyze financial reports that can be used in assessing performance within the company and for audit purposes. So, the use of accounting information is more financially based so that the data can be used by internal and external parties. The use of this accounting information is a situation where the owner/manager uses accounting information, both operational information, management accounting information, and financial accounting information for decision making [13].

## Hypothesis

The hypothesis in this study is as follows:

H1: Education level has a positive effect on the use of accounting information.

H2: Business scale has a negative effect on the use of accounting information.

H3: Accounting training has a positive effect on the use of accounting information.

H4: Accounting knowledge has a positive effect on the use of accounting information.

## 2. Method

This research is quantitative research and the data used is primary data obtained by distributing questionnaires online to MSME actors in the Badung district. The population in this study were all MSMEs registered in Badung Regency and who had paid their annual taxes, namely 3,350 MSMEs. The sample in this study was taken by simple random sampling (random) using the slovin formula as follows:

$$n = N / (1 + N \cdot (e)^2) \dots\dots\dots (1)$$

note:

n = number of samples

N= The total number of populations

e = error tolerance limit 10%

$$n = \frac{3,350}{(1+(3,350 \times 0.1^2))} = 97,10 = 97 \dots\dots\dots (2)$$

## 3. Results and Discussion

### Validity test

Validity test is a tool used to measure the validity or validity of a questionnaire. With the testing criteria, if r count > r table at a significance of 0.05, it can be said that all questions are valid. Based on table 1 it can be seen that all r count values are greater than r table so it can be concluded that all statement items are valid. Result of validity test are shown in [Table 1](#).

### Reliability test

A questionnaire is said to be reliable and reliable if one's answers to statements are consistent or stable from time to time. A variable is said to be reliable or reliable if it gives a value of Cronbach's Alpha > 0.60. Based on table 2 it shows that the Cronbach's alpha value is 0.988 > 0.60, this means that all questionnaire statements in this study are reliable. Result of reliability test are shown in [Table 2](#).

### Normality test

The data normality test in this study used the One-Sample Kolmogorov Smirnov test table 3. The data is said to be normally distributed if the Asymp. Sig (2-tailed) is greater than 0.05. Based on the One-Sample Kolmogorov Smirnov test table, the Asymp value is obtained. Sig (2-tailed) of 0.978 is greater than 0.05, so it can be concluded that the data is normally distributed. Result of normality test are shown in [Table 3](#).

**Table 1.** Validity test

Question items	r count values	r table	Conclusion
1	0.822	0.304	Valid
2	0.771	0.304	Valid
3	0.832	0.304	Valid
4	0.553	0.304	Valid
5	0.634	0.304	Valid
6	0.645	0.304	Valid
7	0.740	0.304	Valid
8	0.707	0.304	Valid
9	0.741	0.304	Valid

10	0.785	0.304	Valid
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Source: Processed secondary data, 2023

**Table 2.** Reliability statistics

<i>Cronbach's Alpha</i>	N of Items
.988	10

Source: Processed secondary data, 2023

**Table 3.** Normality test results  
 One-Sample Kolmogorov-smirnov test

		Unstandardized Residual
N		97
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	5.72650266
Most Extreme Differences	Absolute	.065
	Positive	.065
	Negative	-.052
Kolmogorov-Smirnov Z		.634
Asymp. Sig. (2-tailed)		.978

Source: Processed secondary data, 2023

### Multicollinearity test

**Table 4.** Multicollinearity test results

Model	Coefficients <sup>a</sup>	
	Collinearity Statistics	
	Tolerance	VIF
Tingkat_Pendidikan	.962	1.170
Skala_Usaha	.785	1.469
Pelatihan_Akuntansi	.635	1.353
Pegetahuan_Akuntansi	.725	1.365

Source: Processed secondary data, 2023

### Heteroscedasticity test

The heteroscedasticity test in this study was carried out using the Glejser test. The Glejser test is carried out by regressing the supreme value of unstandardized leftover as the dependent variable with the independent variable. If the level of significance of the variable level of education, business scale, business income, and business experience is greater than 0.05, then it can be said that it does not contain heteroscedasticity. Result of heteroscedasticity test are shown in [Table 5](#).

**Table 5.** Heteroscedasticity test results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Significant
	B	Std. Error			
(Constant)	4.179	.916		4.560	.000
Tingkat_Pendidikan	.302	.331	.088	.885	.484
Skala_Usaha	-.306	.494	-.076	-.623	.702
Pelatihan_Akuntansi	-.668	.683	-.137	-.983	.343
Pengetahuan_Akuntansi	-.654	.674	-.146	-.976	.354

Source: Processed secondary data, 2023

Dependent Variable: Abs\_RES

Based on table 5 above, the significance values obtained for education level, business scale, accounting training, and accounting knowledge were 0.484, 0.702, 0.343, 0.354 respectively, greater than 0.05, which means that there was no heteroscedasticity in this study.

### Descriptive analysis

Descriptive statistical tests are used to provide a general description of the data used in the study of each variable. To more clearly see the general description of the variables in this study, namely the minimum, maximum, total, average and standard deviation values can be seen in Table 6 below.

**Table 6.** Results of descriptive analysis

Descriptive Statistics						
	N	Minimum	Maximum	Mean	Standar Deviation	
Tingkat_Pendidikan	97	1	5	3.06	1.350	
Skala_Usaha	97	1	5	1.54	.888	
Pelatihan_Akuntansi	97	1	5	2.09	1.254	
Pengetahuan_Akuntansi	97	1	5	4.07	.767	
Penggunaan_Informasi_Akuntansi	97	17	45	30.13	6.476	
Unstandardized Residual	97	-10.35557	13.81798	0E-7	4.62650266	
Valid N (listwise)	97					

Source: Processed secondary data, 2023

### Multiple linear regression

**Table 7.** Multiple linear regression analysis

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	t	Significant
	B	Std. Error	Beta		
(Constant)	17.843	1.543		11.563	.000
Tingkat_Pendidikan	1.087	.389	.227	2.794	.006
Skala_Usaha	-2.774	.663	.380	4.181	.000
Pelatihan_Akuntansi	3.305	.982	.294	3.366	.001
Pengetahuan_Akuntansi	3.545	.978	.395	3.568	.001

Source: Processed secondary data, 2023

a. Dependent Variable: Penggunaan\_Informasi\_Akuntansi

Based on Table 7, it can be taken that the multiple linear regression equation in this study is:

$$Y = 17,843 + 1,087X_1 - 2,774X_2 + 3,305X_3 + 3,545X_4 \dots\dots (3)$$

### Partial test (t)

Based on table 8, the significance values of education level, business scale and operating income are 0.006, 0.000, 0.001 and 0.001 where each number is smaller than 0.05 so it can be concluded that partially all independent variables have a significant effect on the use of accounting information. Result of partial test (t) are shown in Table 8.

**Table 8.** Partial test results (t)

Model	Coefficients <sup>a</sup>			t	Significant
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	17.843	1.543		11.563	.000
Tingkat_Pendidikan	1.087	.389	.227	2.794	.006
Skala_Usaha	-2.774	.663	.380	4.181	.000
Pelatihan_Akuntansi	3.305	.982	.294	3.366	.001
Pengetahuan_Akuntansi	3.545	.978	.395	3.568	.001

Source: Processed secondary data, 2023

### Test the coefficient of determination (R<sup>2</sup>)

Based on Table 9 it can be seen that the adjusted R-squared value is 0.684. This means that the effect of education level, company size and operating profit on the use of accounting information is 68.4%, the remaining 31.6% is influenced by other variables outside this research model. Result of coefficient of determination test can be seen in Table 9.

**Table 9.** Test results for the coefficient of determination

Model	Model Summary <sup>b</sup>			
	R	R Square	Adjusted R Square	. Error of the Estimate
1	.700 <sup>a</sup>	.690	.684	6.804

a. Predictors: (Constant), Pendapatan\_Usaha, Tingkat\_Pendidikan, Skala\_Usaha  
 Dependent Variable: Penggunaan\_Informasi\_Akuntansi

### Education level has a positive effect on the use of accounting information

This shows that the higher the education level of MSMEs owners, the more likely they are to use accounting information in their business operations. This is because learning more and more accounting information is managed and studied at a higher educational level, so that the higher the education of MSMEs Performers, the easier it is to understand the use of accounting information.

Based on Law no. 20 of 2003 Article 3, education functions to develop abilities and shape dignified national character and civilization, so that the knowledge possessed by MSMEs owners/managers is obtained through education. The owner's understanding of how to use information is an obstacle if it is not influenced by good training, because MSMEs actors do not understand the importance of using accounting information in their business when they lack training.

### Business scale has a negative effect on the use of accounting information

Business scale has no effect on the use of accounting information on micro, small and medium enterprises in Badung Regency. What may be an indication of the cause of the non-effect of business scale on the use of accounting information is that micro, small and medium entrepreneurs do not make policies based on accounting information and do not support accounting information as a basis for financial decisions, this is in accordance with research [14].

### Accounting training has a positive effect on the use of accounting information

Accounting training attended by MSMEs owners/managers has a positive impact on the use of accounting information by MSMEs. This shows that accounting training is an understanding of someone, especially the owner/manager of technical management accounting, to improve

technical management accounting by attending accounting training courses. The more often owners/managers of MSMEs attend accounting training while practicing it, the skills of owners/managers in accounting techniques are increasingly honed, thus increasing the ability of owners/managers to use accounting information, this is in accordance with research [8].

#### **Knowledge of Accounting has a positive effect on the use of accounting information**

Accounting knowledge has a positive effect on the use of accounting information. This is because micro, small and medium entrepreneurs do not have an increase in accounting knowledge, so the understanding of micro, small and medium entrepreneurs to apply accounting information in their business will also decrease, this is different from research [4].

#### **4. Conclusion**

Based on the results of the entire series of data analysis that has been carried out, it can be concluded from this study are the level of education has a positive effect on the use of accounting information, business scale has a negative effect on the use of accounting information, accounting training has a positive effect on the use of accounting information, and accounting knowledge has a positive effect on the use of accounting information

#### **Acknowledgment**

Based on the conclusions and limitations of the research above, the authors suggest that further researchers are expected to add research variables, such as the age of the company and business income so that other variables can be identified that affect accounting information in small and medium enterprises.

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