

## **The Role of Owner Accounting Knowledge on MSME Performance and The Use of Accounting Information Systems**

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### **Abstract**

*The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total workforce and collect up to 60.4% of the total investment. However, the high number of MSMEs in Indonesia is also inseparable from the challenge that many MSMEs in Indonesia, especially in Karawang, still do not implement accounting information systems properly. This is because the owner's accounting knowledge is still lacking and the accounting information system is not used, so that the performance of SMEs is also limited. The purpose of this study was to find out how much significant influence there is between the owner's accounting knowledge and the use of accounting information systems on the performance of an MSME, especially in the Karawang area. This research method uses quantitative methods, and the data obtained is by conducting surveys and observations of MSMEs in the Karawang area. This study uses a test with multiple linear regression analysis, with the result that the performance of MSMEs is higher too if the owner uses accounting information systems more frequently, and vice versa.*

**Keywords :** *Micro, Small and Medium Enterprises; Owner's Accounting Knowledge; Application of information system; MSMEs Performance.*

### **INTRODUCTION**

MSMEs are the most important pillars in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiah. One form of the Government's empowerment strategy to overcome poverty in Indonesia is the empowerment of Micro, Small and Medium Enterprises (MSMEs) which directly or indirectly affect regional economic also affects the national economy. Small businesses is a priority in every stage of development planning by two departments the State Minister of Industry and Trade, and the State Minister for Cooperatives Small and Medium Enterprises (Kusuma & Lutfiany, 2019) & (Ramadhanu & Priandika, 2021).

MSMEs are the most important pillars in the Indonesian economy. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total workforce and can collect up to 60.4% of the total investment. However, the high number of MSMEs in Indonesia is also inseparable from the challenges that exist, especially the importance of the owner's knowledge of accounting information systems (Nasihin & Faddila, 2021)

(Juita, 2016) explained that the knowledge of business owners about accounting information still needs to be developed. MSMEs face various obstacles or problems, among others, due to low levels of education, business training, managerial experience, lack of understanding of information technology and lack of reliability of financial statement characteristics. Therefore, it is necessary to make efforts to increase the knowledge of MSME actors in terms of accounting, as well as efforts to improve them so that they are able to use existing accounting information, so as to improve the quality of making various decisions they make (Lestari & Rustiana, 2019)

Research conducted by (Kaligis & Lumempouw, 2021) which states that accounting records are difficult to do due to limited knowledge and understanding of MSME actors, the need for maintaining accounting records is considered a waste of time and money. The main obstacle for MSME actors in making accounting records is the lack of knowledge and understanding of accounting, as well as the perception of MSME actors on making accounting records that will take time and costs, which causes MSME actors to be reluctant to make their company accounting records. This company's accounting records will later produce financial reports so that they can help MSME actors in making decisions for the survival of a company (Saputri, 2022).

Accounting knowledge is also a factor that affects the use of accounting information. This can be seen from the opinion of (Sinarwati et al., 2019) by (Nirwana & Purnama, 2019) which states that the occurrence of problems in the application of accounting is due to the lack of knowledge of company owners about accounting. The owner's low accounting knowledge causes many small companies to fail. Efforts to improve the performance of MSMEs are absolutely necessary to maintain the stability of the national economy, one of which is through the application of an accounting information system (Lestari & Rustiana, 2019).

Accounting Information System (AIS) has a very important role in an entity, both small and large scale. Accounting information systems produce reliable, relevant, timely, understandable and verified financial information to assist in the economic decision-making process (Kelara & Suwarni, 2020).

This Accounting Information System is one of the sources used to make financial reports and is very much needed by users of financial statements, both internal and external to the

company in meeting their different needs. Later this financial report will be one of the factors that can be used to assess the performance of a company and one of the measuring tools that is often used to assess the performance of a company is the level of profit. The level of profit or loss of a company can be seen in the income statement issued by the company. The level of profit can not be ascertained whether it will increase or decrease (Sinarwati et al., 2019).

This research was conducted in Telukjambe Timur Karawang in 50 SMEs. SMEs such as street vendors, especially food traders. Because in Telukjambe itself, especially around Unsika, there are so many MSME actors who are only a few of them implementing an accounting information system in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities that regulate MSMEs.

## **THEORITICAL FRAMEWORK**

### **Accounting Information System and Accounting Information Systems (AIS)**

Accounting is a body of knowledge that examines the engineering of service provision in the form of quantitative financial information of an organizational unit and the method of distributing (reporting) that information to interested parties to be used as the foundation for making economic decisions. Accounting is a service industry. Its purpose is to provide quantitative information, primarily of a financial nature, about economic entities that can be used to make economic decisions (Zamzani Faiz, 2021).

An accounting system, according to Warren, Reeve and Fess (2005: 234), is a method and procedure for collecting, clarifying, summarizing, and reporting on a company's operating and financial data. An accounting system is defined as an organization of forms, records, and reports that are coordinated in order to provide financial information that facilitates management in order to facilitate company management. Accounting systems are defined as written forms, records, procedures, and tools used to process data pertaining to the business of an economic activity in order to generate feedback in the form of reports required by management to oversee its operations and assess the results of operations for other interested parties such as shareholders, creditors, and government agencies.

An information system is a collection of interconnected subsystems that work together to collect, process, and store information, as well as transform and distribute it for planning, decision-making, and control. (Zamzani Faiz, 2021) defines the Accounting Information System as a tool that is integrated in the field with a company's information systems and technology. AIS's primary function is to process financial and non-financial that have an immediate impact on the financial transaction process.

Accounting has its own system that includes various elements, primarily to collect information and make it more useful for users, as a body of knowledge that studies the engineering of the provision of services in the form of quantitative financial information in an organizational unit and the method of delivering (reporting) that information to interested parties to be used as the basis for making economic decisions. To run the

accounting system optimally, it is possible to use an information system that is currently supported by computers, allowing the accounting process (cycle) to run optimally. Accounting Information System combines a fairly broad range of topics for discussion, including accounting, information systems, business processes, and the use of technology.

### **MSME Accounting Information Systems**

Accounting information systems have subsystems for processing financial and non-financial transactions that directly affect the processing of financial transactions (Hall, 2001) There are three subsystems of AIS, namely: Transaction Processing System (Transaction Processing System) that supports daily business operations with a number of documents and messages for users throughout the organization.

Accounting Information System for SMEs (AIS) is a series of formal procedures in an organization related to processing data into information. The expected output is quality reports that are needed for the management decision-making process and are a source of information available when needed. The elements that will be built include managing daily transactions starting from standard forms, both for cash entry systems and cash disbursements systems, classification so that standard financial reports are compiled. Financial reports are needed for the decision-making process related to business operations. The elements that will be built include managing daily transactions starting from standard forms. In addition, the system built is expected to provide protection for SME assets through adequate internal control system (SPI) procedures.

### **RESEARCH METHODS**

The type in this research is quantitative research which aims to determine the causal relationship of the independent variable to the dependent variable. Which includes primary data in this study is data on the use of accounting information systems and how much knowledge of business owners about accounting where data is obtained through interviews with MSME actors in the East Telukjambe area, especially around Singaperbangsa Karawang University, in addition to using primary data with interviews, researchers also require secondary data. which is data that supports the needs of primary data such as books, literature, journals and readings related to research. In this case, the researcher uses previous journal articles regarding accounting knowledge and the use of information systems on the performance of MSMEs.

The total population was obtained from surveys and interviews with MSME actors in the Telukjambe Timur area. Interviews were conducted to 50 respondents or MSME actors with a total of 24 questions and the use of data collection techniques in the form of a Likert scale. Likert scale is one type of quantitative data measurement scale that is obtained or found in questionnaires when conducting certain surveys about what will be studied. This Likert scale is used to measure attitudes and opinions. This scale is used to complete a

questionnaire that requires respondents to indicate their level of agreement with a series of questions. Usually the questions used for the research are called research variables and are specified specifically. The level of agreement in question is a Likert scale of 1-5 choices, with gradations from Strongly Agree (SS), Agree (S), Doubtful (RG), Disagree (TS) and Strongly Disagree (STS).

Description :

**Table 1.** Likert Scale

Gradasi	Point
Strongly Agree (SS)	5
Agree (S)	4
Doubtful (RG)	3
Disagree (TS)	2
Strongly Disagree (STS)	1

Number of respondents: 50 respondents, namely micro, small and medium entrepreneurs around Unsika who have built their businesses for more than 5 years. Number of samples: 8 samples, namely the performance of MSMEs from 2015 to 2022 regarding accounting knowledge and the use of accounting information systems. Number of Questions: 24 questions with 3 components and 8 time levels.

The data collection technique used in this study is the survey and observation method of MSME actors in the Telukjambe Timur region. To find out or measure the intensity of the relationship between the dependent variable (Y) and several independent variables (X), the type of analysis used is multiple regression analysis (Animah et al., 2020)

Multiple regression method is a statistical method used to test the relationship between several independent variables to one dependent variable. This technique is needed in various decision making, both in the formulation of management policies and in scientific studies. According to (Animah et al., 2020) the multiple linear regression method can be formulated as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + .. + \ell$$

Description :

Y = MSMEs Performance

$\beta_0$  = Constant value

$\beta$  = Regression coefficient

$X_1$  = perception of the use of accounting information

$X_2$  = owner's accounting knowledge

$\epsilon$  = error

## RESULTS AND DISCUSSION

The number of respondents is 50 respondents, namely micro, small and medium entrepreneurs around Unsika who have built their businesses for more than 5 years. The number of samples is 8 samples, namely the performance of MSMEs from 2015 to 2022 regarding accounting knowledge and the use of accounting information systems and the number of questions is 24 questions with 3 question components and 8 years of time.

This Multiple Regression Analysis is used to determine the influence of business actors in the use of accounting information systems ( $X_1$ ), accounting knowledge ( $X_2$ ) on MSME performance ( $Y$ ). The following is a manual calculation of multiple linear regression analysis:

**Table 2.** Primery Data Author

Years	Y	$X_1$	$X_2$
	MSMEs Performance	Use Acc. Information System	Acc. Knowledge
2015	190	138	125
2016	205	151	150
2017	220	159	161
2018	220	170	179
2019	230	185	180
2020	220	195	190
2021	235	207	215
2022	235	220	220
Total	1755	1425	1420
Average	219,375	178,125	177,5

The constant value is 232.7908 which indicates that  $Y$  (MSME performance) by assuming the independent variables (Use of accounting information systems and Accounting Knowledge) is considered constant or fixed. In the variable using the accounting information system ( $X_1$ ), the regression coefficient value is negative at -0.2461, meaning that if the  $X_1$  variable has increased while the other variables are assumed to be constant, it will cause the  $Y$  variable to increase. So if the owner in the use of accounting information systems is higher, the performance of MSMEs will increase and vice versa.

**Table 3.** Manual Calculation of Multiple Linear Regression Method

$y_i = Y_i - \bar{Y}$	$x_{1i} = X_1 - \bar{X}_1$	$x_{2i} = X_2 - \bar{X}_2$	$y_i^2$	$x_{1i}^2$	$x_{2i}^2$	$y_i \cdot x_{1i}$	$y_i \cdot x_{2i}$	$x_{1i} \cdot x_{2i}$
-29,375	-40,125	-52,5	862,890	1610,01	2756,2	1178,67	1542,18	2106,56
-14,375	-27,125	-27,5	206,640	735,765	756,25	389,921	395,312	745,937
0,625	-19,125	-16,5	0,39062	365,765	272,25	-11,9531	-10,3125	315,562
0,625	-8,125	1,5	0,39062	66,0156	2,25	-5,07813	0,9375	-12,1875
10,625	6,875	2,5	112,890	47,2656	6,25	73,0468	26,5625	17,1875
0,625	16,875	12,5	0,39062	284,765	156,25	10,5468	7,8125	210,937
15,625	28,875	37,5	244,140	833,765	1406,2	451,171	585,937	1082,81
15,625	41,875	42,5	244,140	1753,51	1806,2	654,296	664,062	1779,68
0	0	0	1671,87	5696,87	7162	2740,62	3212,5	6246,5

Resarch  $b_0, b_1, b_2$  and  $r^2$ :

$$b_1 = \frac{(\sum x_1 y) (\sum x_2^2) - (\sum x_2 y) (\sum x_1 x_2)}{(\sum x_1^2) (\sum x_2^2) - (\sum x_1 x_2)^2} = -0,2461$$

$$b_2 = \frac{(\sum x_2 y) (\sum x_1^2) - (\sum x_1 y) (\sum x_1 x_2)}{(\sum x_1^2) (\sum x_2^2) - (\sum x_1 x_2)^2} = 0,6631$$

$$b_0 = \frac{\sum y - b_1(\sum x_1) - b_2(\sum x_2)}{N} = 232,7908$$

$$r^2 = \frac{b^{\wedge} 1 (\sum x_1 y) + b^{\wedge} 2 (\sum x_2 y)}{\sum y^2} = 0,8709$$

$$R = 0,93$$

Application of value :

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \epsilon$$

$$Y = 232,7908 + -0,2461(X_1) + 0,6631(X_2) + e$$

The Accounting Knowledge variable ( $X_2$ ) shows the regression coefficient in a positive direction of 0.6631, meaning that if the  $X_2$  variable has increased by 0.6631 while the other variables are assumed to be constant, it will cause the  $Y$  variable to increase by 0.6631 as well. So if the accounting knowledge is higher, the performance of MSMEs will increase and vice versa.

The results of this study are in line with research by (Sinarwati et al., 2019), (Ramadhani et al., 2018), (Whetyningtyas, 2016), (Shirlyani et al., 2018), (Sovia, 2022) and (Riorita, 2016) which shows that the owner's accounting knowledge has a positive relationship to the use of accounting information and has a significant effect on the performance of MSMEs.

It can also be seen that about 93% of the dependent variable ( $X$ ), namely the use of accounting information systems and the owner's accounting knowledge have an effect of 93% on the performance of MSMEs and 7% of them are other things in assessing the performance of MSMEs.

## CONCLUSION

Accounting knowledge has a significant effect on the performance of micro, small, and medium enterprises in Telukjambe Timur Karawang. This is due to the variable accounting knowledge having a lower significance. It can be interpreted that the better the accounting knowledge possessed by the owner, the higher the performance of micro, small, and medium enterprises. The use of accounting in the performance of MSMEs is also positive, meaning that it has a significant effect. So if the owner's use of accounting information systems is higher, the performance of MSMEs is higher too.

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