

**THE EFFECT OF THE IMPLEMENTATION OF ACCOUNTING AND THE USE OF
ACCOUNTING INFORMATION ON THE PERCEPTION OF BENEFITS OF
ACCOUNTING INFORMATION**

(AN EMPIRICAL STUDY IN BUSINESS MEDIUM IN PALU)

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Abstract

This study aims to examine and analyze the effect of the administration and use of accounting information partially and simultaneously on the perception of the benefits of accounting information of medium-sized business actors in the city of Palu. The method used in this research was quantitative by utilizing primary data. The sampling technique used was probability sampling method from which 53 respondents were obtained. The analytical method used was multiple linear regression analysis. The results showed that partially the administration and the use of accounting information significantly influenced the perception of the benefits of accounting information. Simultaneously, the administration and the use of accounting information significantly influences the perception of the benefits of accounting information.

Keywords: Benefits of Accounting Information, Providing Accounting Information, and Using Accounting Information.

1. Introduction

Economic improvement is very important for a country. An increase in the economic sector makes the country considered independent without worrying about being colonized by other countries. Improving the economy should be a goal that must be achieved by every country. The improvement in the economy can be seen from the increasing number of medium-sized businesses pioneered by entrepreneurs.

Medium Enterprises are generally built by individuals who only have the intention to improve their economy. It is different from large companies whose plans are very mature and are based on good and orderly financial management. Individuals who want to take the initiative to open a small business and have their own income will certainly start a business from scratch and still have minimal knowledge about how to manage finance for their business. This certainly must be a concern of various parties so that the sustainability of their businesses will not stop in the middle of the process because it is caused by poor financial management and can grow and develop so that they can survive in competition.

Good financial management can be realized with the existence of accounting information. With the accounting information in the financial management of medium-sized businesses, it will be easier to study the profits and losses obtained. In addition, accounting information is also useful as a basis of decision making in business management, as well as in determining prices, knowing market development and assessing company performance from year to year.

Kreitner and Kinici (2001) state that a person's perception will influence his behavior and decisions. Small entrepreneurs can have different perceptions of the same thing with accounting information. This difference in perception is determined by the results of interpretation at the *encoding and simplification* stages. Small entrepreneurs can have different information in the *schemata* used to interpret the value of accounting information. *Schemata* is a mental picture of an event or an object (Kreitner and Kinici, 2001).

The results of previous studies indicate that entrepreneurs have a 'negative' perception of the value of accounting information. This perception coincides with the absence of organization and use of accounting information by the entrepreneur. Therefore, it can be assumed that the 'negative' perception is based on *schemata* that do not originate from the experience of small entrepreneurs in organizing and using accounting information. In other words, the experience of organizing and using accounting information can change employers' perceptions of accounting information.

2. Theoretical view

2.1 Organizing Accounting Information

Belkaoui (2000) defines accounting information as quantitative information about economic entities that are useful for economic decision making in determining choices among

alternative actions. Accounting information is basically financial in nature and is mainly used for decision making purposes. According to Pinasti (2007), accounting information can be a reliable basis for decision-making in managing small entrepreneurs, including market development decisions, pricing and others. Appropriate decision making can determine the success of a business.

Providing accounting information is to present financial information. Financial information from a company is useful for the parties concerned and need it (users) as a basis of making economic decisions (Pinasti 2007). With the financial information obtained, the organization will analyze it and then include economic decisions that are beneficial for the development of their businesses.

According to Soemarso (2004), the concept of organizing accounting information include:

1. Business Transactions

Business transactions are events or situations that affect the company's financial position. This means that there are changes in the amount or composition of the equation between wealth and learning resources.

For example: payment of a telephone account for purchases of goods by credit, land and building purchases are part of a type of business transaction.

2. Evidence

To ensure the validity of recorded transactions. In addition, proof of the transaction can be used as a reference if there is a problem in the future.

3. Recording in a diary (journal)

A special form used to record chronologically the transactions that occur within a company according to the account name and the amount that must be debited and credited.

4. Posting to Ledgers

Ledgers are often also called account estimates, postal items and others. This book is a place to accommodate all transactions that have been classified through journals, so all journals are entered into the general ledger by moving the posting of the journal (*posting*) to the general ledger.

5. Adjustment balance sheet

Working papers make it easy to make adjustments and prepare financial statements. The work sheet is prepared by moving the balance sheet data and adjusting journal entries.

6. Financial statements

Reports designed for decision makers, especially outside parties, regarding the company's financial position and operating results

7. Closing journals

Closing that terminates temporary accounts (accounts nominal) must be transferred to fixed (real) accounts.

8. Trial Balance After Adjustment

Trial balance is made after all nominal accounts are closed. For example, a trial balance can be made by taking account balances in a large book after the closing entries are posted. The pattern of financial management and the accounting system applied to medium-sized businesses can be guided by a general pattern that has been known and used by various large companies. However, if it is not suitable, it can be modified as needed while still paying attention to the planning and supervision functions. Small business bookkeeping administration requires a minimum of 3 types of record books including: Diary, Journal book, and General ledger.

2.2 The Use of Accounting Information

The use of accounting information is derived from accounting records for business decision making. The use of accounting information is information provided to small and medium-sized companies that are required by law or other applicable regulations in Indonesia to be provided by each company.

Some indicators of the use of accounting information according to Hendrawati (2017), include:

1. Information *Statutory*

In this case, according to Financial Accounting Standards (SAK) Entities without Public Accountability (ETAP), the elements of financial statements required cover balance sheets, income statements, cash flow reports, statement of changes in equity, and notes to the financial statements.

2. Budget Information

Budget accounting information includes cash budget, sales budget, production cost budget and operating cost budget.

3. Additional Information

Additional accounting information includes inventory reports, employee salary reports, production amount reports, and production cost reports.

2.3 Perceptions of the Benefits of Accounting Information

Widiyanti (2013) states that there are three concepts of perceptions of the benefits of accounting information that can be measured, namely:

1. Perceptions of the benefits of accounting information

The benefits of information are well made and built in order to increase productivity, eliminate activities that have no benefits and improve coordinating services in every part of the company and improve the quality of policies in management.

2. Perception of the comparison of costs and benefits of accounting information.

Comparison of costs and benefits of accounting information. The main consideration is that the benefits of an accounting report must be at least the same as the cost of making the report. The cost of an accounting report should not be greater than the benefits received by users of accounting information.

3. Perception of small entrepreneurs is to hold accounting information in managing their business.

A person's perception will influence his behavior and decisions. Therefore, to be able to encourage small entrepreneurs to hold and use accounting information, it must start from the perception of small entrepreneurs towards accounting information. The small business owner's perception of accounting information is also determined by experience in organizing and using accounting information.

2.4 Small and Medium Entity Accounting Standards (SAK EMKM)

SAK EMKM is intended for use by micro, small and medium entities. Micro, small and medium entities are entities without significant public accountability, as defined in the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP), which meet the definitions and criteria of micro, small and medium businesses as stipulated in the legislation in force in Indonesia, for at least two years in a row. SAK EMKM can be used by entities that do not meet the definitions and criteria if the authority allows the entity to prepare financial statements based on SAK EMKM.

The requirements for the recognition and measurement of assets, liabilities, income, and expenses in SAK EMKM are based on the concepts and pervasive principles of the Basic Framework for the Preparation and Presentation of Financial Statements. In the event that there is no specific regulation in SAK EMKM for transactions or other events, the entity considers the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses. An entity prepares financial statements using the accrual basis. On an accrual basis, accounts are recognized as assets, liabilities, equity, income and expenses when they meet the definition and recognition criteria for each of these accounts.

The minimum financial statements consist of: (a) Statements of financial position at the end of the period; (b) Income statement for the period; (c) Notes to the financial statements, which contain additions and details of certain relevant accounts. The entity presents the account and part of the account in the income statement if the presentation is relevant to understanding the financial performance of the entity. The income statement includes all income and expenses recognized in a period, unless SAK EMKM requires otherwise. SAK EMKM regulates the treatment of the effects of corrections on errors and changes in accounting policies that are presented as retrospective adjustments to past periods and not as part of profit or loss in the period in which the changes occur.

If SAK EMKM does not specifically regulate the accounting treatment of a transaction, event, or other condition, then the entity only refers to and considers definitions, recognition criteria, and measurement concepts for assets, liabilities, income and expenses, as well as pervasive principles. The entity does not consider other arrangements outside the provisions in SAK EMKM for these transactions, events or other circumstances.

2.5 Hypothesis Development

The administration of accounting has an important role in achieving business success. Perception of small entrepreneurs functions to hold accounting information in managing their business. The perception of a person or owner influences his behavior and decisions. Small business owners' perceptions of accounting information are also determined by their experience in holding accounting information. The implementation of accounting information can affect the perception of MSME owners of accounting information. This is supported by research conducted by Widiyanti (2013) which shows that experience in accounting information (X4) partially influences the perception of small and medium entrepreneurs on

accounting information. This study is also supported by research conducted by Latifah (2012). The results of her research show that there is a significant influence between the organization of accounting information on the perceptions of small entrepreneurs on accounting information on Micro, Small and Medium Enterprises (UMKM) Agro (Special Tobacco Products Industry) in Kudus Regency. Based on the previous explanation, we propose the first hypothesis as follows

H1: The holding of accounting information influences the perception of the benefits of accounting information

The use of accounting information is as quantitative information about economic entities that are useful in making economic decisions in determining choices between alternative actions. It also can be the basis reliable for decision making in the management of medium-sized businesses, including the development of decision making, pricing, and others. In reality, in terms of the importance of recording and using accounting information for medium-sized business owners, there are still many owners who have not implemented the use of accounting information.

A research conducted by Astiani (2017) presented the results indicating that there is a positive influence on the perception of MSME actors on the use of accounting information; there is a positive influence on accounting knowledge on the use of accounting information; and there is no positive effect on business scale on the use of accounting information. Moreover, there is a research conducted by Wibowo and Kurniawati (2015). The results of the study showed that the use of accounting information has an effect on business success in the Convection Center. Therefore, SMEs use accounting information as an element of business decision making to get the right decision so that it supports business success.

H2: The use of accounting information affects the perception of the benefits of accounting information

3. Research Methods

The population in this study included all medium-sized businesses in the city of Palu. There were 90 medium-sized businesses registered at the Department of Industry, Trade, Cooperatives and SMEs in the City of Palu in 2017. The respondents in this study were the owners of medium-sized businesses. The sampling method used in this study was *purposive sampling with the criteria needed in this study, including:*

1. Medium Enterprises organized in the Department of Industry, Trade, and Cooperative and SMEs of the City of Palu.
2. These medium-sized businesses still exist today.
3. The medium-sized businesses have already held and used accounting information.

Based on the results of the pre-research conducted by researchers, it was found that there were 90 medium-scale businesses registered at the Department of Industry, Trade, Cooperatives and MSMEs in Palu City, but there were 73 which were still available and those 73 medium-scale businesses organized and used accounting information. Therefore, the researchers determined the total sample of 73 medium-sized businesses.

To prove the hypothesis proposed in this study, the researchers used multiple linear regression analysis methods. The first problems and hypotheses that have been formulated were tested using the F test, while the second problems and hypotheses were tested using t-test that can be seen in the following table:

4. Results

Table 4.1
Linear Regression Analysis
Model Summary^b

Model	R	R Square	Adjusted R Square	Std . Error of the Estimate
1,	869 ^A ,		755,745	1.14378

Coefficients^a

No	Independent Variable	NPDependent Variable		
		Regression Coefficients (B)	Test Results t	Probability (sig t)
1	Constant	2.419	920	
2	Provision accounting information	0.187	2.398	0.020

No	Independent Variable	NPDependent Variable		
		Regression Coefficients (B)	Test Results t	Probability (sig t)
3	Use of information accounting	0.384	5.868	0.000
R Square = 0.755 Multiple regression = 0.869		F _{arithmetic} = 76.996 F _{table} = 3.18	Significance F = 0.000 = 5% (0.05)	

Based on the results of multiple linear regression analysis in the table, it was then entered into the multiple regression equation model with the following formulation:

$$Y = 2.419 + 0.187 (X_1) + 0.384 (X_2) + e$$

The multiple linear regression equation above showed that the two independent variables, namely the organization of accounting information (X1), and the use of accounting information (X2) have a positive direction influenced the perception of the benefits of accounting information (Y).

The coefficient value (R) in this study was 0.869 which meant that the correlation between the variables of the organization and use of accounting information to the perception of the benefits of accounting information was 0.869 or 86.9%. The coefficient of determination (R Square) that measured how far the model explained the variation of the dependent variable.

Based on the results of data processing using *SPSS 21.0 for windows*, R value Square of 0.755 was obtained. This value showed the magnitude of the effect of the organization variables and the use of accounting information as a whole (simultaneous) on the perception of usefulness of accounting information variable. It means that 0.755 or 75.5% of the variation in the perception of the benefits of accounting information was explained by the administration and use of accounting information variables, while 24.5% (100% -75.5%) was explained by other variables not included in this study.

Based on the results of t-test calculations of 2 (two) independent variables included in the regression model, it could be seen that the implementation and use of accounting information affected the perception of the benefits of accounting information as evidenced by the results of research showing that there was a direct influence between the understanding of the

organization and the use of accounting information on the perception of accounting information.

It showed that the respondents always held evidence for every transaction in the business which was proven by the majority of respondents who owned wholesale clothing stores. It was very important for them to hold proof of transactions. The respondents also used accounting information to find out the amount of inventory due to the type of business that required good inventory management. It showed that accounting information was very useful for medium businesses to find out the amount of inventory. It could illustrate that mid-sized business practitioners had a high level of administration and use of information, so the stronger the organization and use of accounting information, the greater the perception of the benefits of accounting information on medium-sized businesses.

The results of this study were in line with the results of previous research conducted by Adzim (2006). The results of his research indicated the influence of the organization and the use of accounting information by small entrepreneurs. Setiawan (2014) also conducted research with the results showing that the holding and the use of Accounting Information at the same time had a significant effect on the perceptions of MSME owners.

5. Conclusions and research implications

Medium-sized businesses are businesses that can be said to be large-scale and have a lot of transactions during their operations, so that medium-sized business people certainly need accounting information in their financial management. The holding of accounting information is considered to be able to provide convenience in financial management because accounting information makes it easy for business actors to determine the amount of profit and loss obtained. It then can help the owners of medium-sized businesses to make the right decision for the future based on the accounting information obtained.

This resulted in the emergence of a perception about the benefits of accounting information for medium-sized business owners after medium-sized business actors decide to hold accounting information. The perceptions on the benefits arise in the form of facilities that are obtained as well as accuracy in financial management. With the organization of accounting information in a medium-sized business, there arises a perception of the benefits of the accounting information for the medium-sized business owner.

The use of accounting information is considered very important in the management of a business. By using accounting information, medium-sized businesses can find out the ins and outs of their business very well and regularly, because accounting information presents a variety of information that can be used in decision making and long-term planning. After using accounting information, a perception arises about its benefits for medium-sized businesses. It causes the high use of accounting information in the city of Palu since accounting information has been received as a convenience that can be applied in the management of medium-sized businesses.

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