

The Impact of Accounting Knowledge, Education Level, Business Scale, and Business Experiences on the Use of Accounting Information: Evidence from Micro, Small, and Medium Enterprises in Wonogiri, Indonesia

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Abstract: The purpose of this study is to examine the impact of accounting expertise, education level, business scale, and business experience on the usage of accounting information micro, small, and medium enterprises (MSMEs). This study's population consists of micro, small, and medium-sized businesses in the Jatisrono district, Wonogiri Regency, Indonesia. The slovin technique was used to collect samples for the study, which resulted in a research sample of 99 respondents. Accounting knowledge, education level, business scale, and business experience are employed as independent variables, whereas on the use of accounting information is the dependent variable. The findings revealed that accounting expertise, degree of education, and business experience all influence the use of accounting information, however business scale has no effect on the use of accounting information.

Keywords: Accounting knowledge, Education Level, Business Scale, Business Experience, Accounting Information, MSMEs

1. Introduction

The majority of these MSMEs are family businesses with consumers ranging from middle to lower class. The existence of MSMEs actors acts as a buffer for the small-business economy and can have a direct impact on the economic life of the middle to lower classes. During the 1997-1998 economic crisis, it was believed that MSMEs were more able to rise and recover than major corporations. The COVID-19 epidemic also caused an economic catastrophe in Indonesia, affecting practically all sectors, including MSMEs Amri (2020). The impact is felt strongly by both owners and employees since many business owners are forced to lay off people in order to save their businesses.

MSMEs play an important role in the Indonesian economy since they can absorb labor. Furthermore, it has the potential to accelerate the Indonesian economy's export growth. Because of the importance of MSMEs, the government has made numerous attempts to assist in the rescue of MSMEs during the COVID-19 pandemic Darmawan et al. (2021). Various difficulties are faced by business actors carrying out bookkeeping in providing an informative financial report for those who need information Siagian & Indra (2019). One of the underlying difficulties of business actors is the weak ability they have regarding accounting knowledge to carry out financial management of their business.

The limited knowledge of business owners in accounting bookkeeping and the assumption that financial reports are not important in business management are the main basis for the lack of MSMEs that provide financial reports on their business Linawati & Restuti (2015). The use of accounting information knowledge is very important for an MSMEs, but business actors have not realized the importance of accounting information for the continuation of their business. Many businesses only carry out basic accounting records but more do not carry out accounting records (Novianti et al., 2018).

2. Literature Review and Hypotheses Development

2.1. Theory Resource Based View (RBV)

The Resource Based View (RBV) theory contends that a company's resources and capabilities are critical to its success because they serve as the foundation for the company's competitiveness and performance. Businesses that use RBV can gain a long-term competitive edge by using heterogeneous resources Wernerfelt (1984).

The advantages of a firm in comparison to other organizations can be established by effectively utilizing the resources that it has. The benefits of a corporation in terms of profitability as well as environmental performance. Companies that have some of these advantages may find it easier to compete with other

companies.

According to this interpretation of RBV theory, competence is a valuable asset that must be understood in order to use competences to increase firm performance. These rights must be understood and achieved by MSME owners or managers Barney (1991).

2.2. Accounting Knowledge

Accounting is defined by AICPA (The Committee on Terminology of the American Institute of Certified Public Accountants) as the art of recording, classifying, and summarizing transactions in a useful manner using units of money and financial events, and interpreting the results of the process Prihandani et al. (2020).

Accounting always refers to applicable theories and gives interpretation and reasoning that has been deeply embedded in practice, particularly in the creation of financial statements in order to acquire correct information about economic facts. In compliance with the Indonesian Accounting Association's Financial Accounting Standards (FAC)

Accounting knowledge is a clear understanding of what is seen as facts or information about the process of documenting, classifying, and summarizing economic events in an organized and logical form with the aim of presenting the financial information needed for decision making.

Hudha (2017) in his research found that accounting knowledge has a significant effect on the use of SME accounting information. Meanwhile, research conducted by Ermawati & Arumsari (2021) explains that accounting knowledge does not affect the use of MSME accounting information. Research conducted by Satiya et al. (2020) explains that accounting knowledge affects the use of accounting information in the preparation of SAK EMKM financial statements.

H_1 : Accounting knowledge affecton the use of accounting information.

2.3. Education Level

The educational level is a continuous stage determined by the students' degree of development, the flexibility of teaching materials, and the educational objectives mentioned in the curriculum Angraini & Daniel Thorp (2020). A business owner's level of education is thought to be sufficient to support the growth of the business. Because the competence and expertise of business owners can affect the technical application of accounting in their firm, education is seen to play an essential role in using and preparing business accounting information.

MSME owners' level of education is a factor that contributes to poor business management and development in the use of accounting information Sitorus (2017). The educational background of the business owner will assist the owner in dealing with an issue that arises in his business, because the owner can use the information that he possesses to solve the problem.

The most important aspect in determining talent and work expertise is education. The level of formal education achieved by MSME players has an impact on their knowledge and skills at work. Education will impact what business owners know about many topics related to the sustainability of their company.

Rahmawan et al. (2020) in their research explained that the educational background possessed by business owners has a negative and insignificant effect on the use of accounting information in wig MSMEs in Purbalingga. Based on research conducted by Ermawati & Arumsari (2021) explain that education affects the use of accounting information. In research conducted by Fithorah & Pranaditya (2019) the results obtained are that the level of education of business owners does not have a significant effect on the use of accounting information.

H_2 : Education Level affecton the use of accounting information

2.4. Business Scale

The ability of a company to manage a business by considering how many individuals it employs is referred to as its business size. The number of employees a firm has can indicate its ability to run its business Utami (2018).

Aside from the number of employees held by the firm, the size of the business may be determined by the total assets possessed and the amount of income earned within a single accounting period. The higher the company's assets, the more personnel will be employed in its business, and the greater the money obtained in running a business indicates that the company's scale of business will be greater.

Business scale refers to the company's capacity to manage its business operations by considering the number of employees it has and the amount of revenue generated in one accounting period. The number of employees owned by the company can be used to determine the size of its business, the more people it employs, the scope of its organization will also expand. The company's revenue output can provide insight into the level of capital or asset turnover.

In research conducted by Setiyawati & Hermawan (2019) the results obtained are that the scale of the business has no significant effect on the use of accounting information. Furthermore, research was conducted by Fithorah & Pranaditya (2019) with the results obtained, namely the scale of the business also had no significant effect on the use of accounting information. Research conducted by Nurhayati & Martika (2018) the results obtained are that the scale of business has a positive effect on the use of information in MSMEs.

H_3 : Business Scale affecton the use of accounting information

2.5. Business Experience

The amount of business experiences a person has is a crucial aspect in running a business. Because of the many experiences that have been gained, viewpoints on accounting information from a firm will be formed. An entrepreneur will gain more from comprehending a business accounting system if he has appropriate experience Fithorah & Pranaditya (2019).

A person's business experience makes an important factor in running a business. Because the various experiences that have been passed will form a view of the accounting information of a business. By having enough experience, an entrepreneur will learn more from his experience in understanding a business accounting system.

The business experience of an owner has a significant influence on the use of his business accounting information in accordance with the results of research from Fithorah & Pranaditya (2019) Research conducted by Harris (2021) the results obtained are that business experience has a positive effect on the use of accounting information.

H_4 : Business Experience affecton the use of accounting information

3. Methodology and Procedures

3.1 Research Variable

This study's variables include both dependent and independent variables. A dependent variable is one that is characterized or impacted by another variable. The dependent variable in this study is MSME actors' perceptions of the usage of Accounting Information (AI) in Wonogiri Regency, Indonesia. The independent variable is a variable that influences the dependent variable; in this study, there are four independent variables: expertise in accounting, degree of education, business scale, and business experience.

3.2 Population and Sample

This study's population consists of all MSMEs in Jatisrono District, Wonogiri Regency, Indonesia with Business Identification Numbers (BIN). The samples used in this investigation totaled 99 and were collected using the Slovin technique with a 10% allowance.

3.3 Data Types and Sources

This study relied on primary data, which was collected directly from respondents by researchers. This research data was gathered by handing out questionnaires to MSME actors in Wonogiri Regency, particularly in Jatisrono District.

3.4 Data Collection Method

In this study, questionnaires were employed to collect data. A questionnaire is a set of questions or comments presented to study subjects based on previously developed theories. This study's questionnaire was provided to MSME actors in Jatisrono District. The Likert Scale with five alternative options was used to assess questionnaire responses.

3.5 Variable Operationalization

In this study the independent variables used are accounting knowledge, education level, business level, business experience while the dependent variable used is the on the use of accounting information. Based on the description above, the researcher's framework can be structured as presented in Figure 1

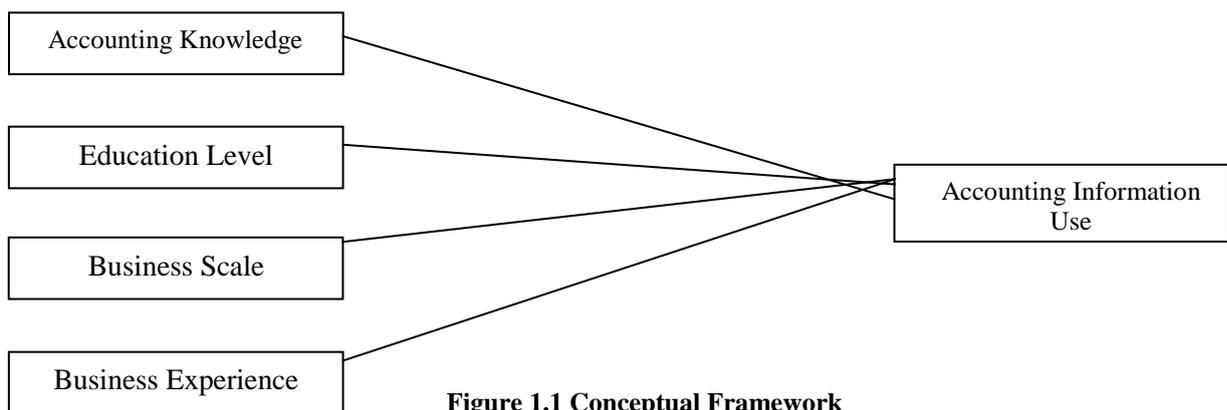


Figure 1.1 Conceptual Framework

3.5.1 Dependent Variable

The dependent variable is the variable that is explained or influenced by the independent variable. **Perceived Use of Accounting Information** on MSME actors in Wonogiri Regency is the dependent variable in this study. This research refers to the individual process of evaluating and managing perceptions to use accounting information.

3.5.2 Independent Variables

A **variable** that affects the dependent variable is called an independent variable or also called an independent variable. There are four independent variables in this study:

a. Accounting Knowledge

Accounting knowledge is one type of accounting knowledge possessed by an individual. Procedural and declarative accounting competencies are signs of accounting knowledge.

b. Education Level

The process of increasing the level of education is based on what has been achieved in a certain period. The level of education achieved is an indicator of the level of education.

c. Business Scale

Business scale is a term used to describe how well a company runs its operations. In addition, the scale of business can also be described by the number of employees owned and also the amount of revenue generated by business operations during the accounting period.

d. Business Experience

Business experience is the knowledge gained by a person through business operations or gained while working in an organization. Business duration, skill level, and equipment competency are indicators of business experience.

4. Result and Discussion

4.1 Research Instruments

Validity and reliability tests are used to assess the quality of research instruments. This test is performed to ensure that the research instrument is legitimate and dependable for usage in producing correct results.

4.1.1 Validity Test

The validity test determines whether a questionnaire is valid.

Table 1 Validity Test

Item	Sum	Valid	Invalid
X_1	7	7	0
X_3	3	3	0
X_4	6	6	0
Y	5	5	0

Source: Result of Primary Data Analysis

4.1.2 Reliability Test

A reliability test is one that determines the level of consistency or trust in a questionnaire.

Table 2 Reliability Test

Variable	Cronbach Alpha	Information
X_1	0,637	Reliable
X_3	0,828	Reliable
X_4	0,821	Reliable
Y	0,675	Reliable

Source: Result of Primary Data Analysis

4.2 Classical Assumptions Test

The classic assumption test carried out to test the research data, namely, normality test, multicollinearity test, and heteroscedasticity test. This test is carried out to assess whether the regression model that has been used can produce normal results or not.

4.2.1 Normality Test

The normality test is used to assess if the dependent variable, independent variable, or both have a normal distribution.

Table 3 Normality Test

		Unstandardized Residual
N		99
Normal Parameters	Mean	0,0000000
	Std. Deviation	2,24069089
Most Extreme Differences	Absolute	0,081
	Positive	0,041
	Negative	-0,081
Kolmogorov-Smirnov Z		0,081
Asymp Sig. (2-tailed)		0,115

Source: Result of Primary Data Analysis

4.2.2 Multicollinearity Test

The multicollinearity test evaluates whether the preset regression model has a correlation between independent variables.

Table 4 Multicollinearity Test

Model	Collinearity Statistic	
	Tolerance	VIF
X_1	0,640	1,562
X_2	0,900	1,111
X_3	0,913	1,095
X_4	0,650	1,538

Source: Result of Primary Data Analysis

4.2.3 Heteroscedasticity Test

The heteroscedasticity test establishes whether there is a variance inequality from one variable's residual to another in the regression model.

Table 5 Heteroscedasticity Test

Variable	Sig.	Description
X_1	0,211	No symptoms of heteroscedasticity occur
X_2	0,381	No symptoms of heteroscedasticity occur
X_3	0,624	No symptoms of heteroscedasticity occur
X_4	0,186	No symptoms of heteroscedasticity occur

Source: Result of Primary Data Analysis

4.2.4 Hypothesis testing

The multivariate linear regression method seeks to establish whether a link exists between the dependent and independent variables. The significance threshold (α) that was employed was 0.05.

Table 6 Hypothesis Test

Model	Unstandardized Coefficient		t	Sig.
	B	Std. Error		
(Constant)	3,235	1,474	2,195	0,031 *
Accounting Knowledge	0,369	0,075	4,919	0,000*
Education Level	-0,512	0,266	-1,924	0,057**
Business Scale	0,107	0,084	1,276	0,205*
Business Experience	0,251	0,054	4,629	0,000*

Source: Result of Primary Data Analysis

Description: * significance at the level of 5%

** significance at the level of 10%

a. Hypothesis 1

According to the findings of the study, the accounting knowledge variable has a value of T-calculate. $4.919 > 1.986$ with a sig value of $0.000 < 0.05$. So, if the result is that the independent variable of accounting knowledge influences the dependent variable of on the use of accounting information, then the first hypothesis (H-1) is accepted.

b. Hypothesis 2

In line with the findings of the study, the variable degree of education has a T-calculated value. $-1.924 < 1.986$ with significance levels of $0.057 > 0.05$ and $0.057 < 0.10$. At 5% significance, the variable level of education has no influence, while at 10% significance, the variable level of education affects the dependent variable of accounting information consumption. If it is concluded that the independent variable of education level has a partial effect on the dependent variable of accounting information utilization, then the hypothesis is accepted.

c. Hypothesis 3

Based on the findings of the research, the business scale variable has a value of T-calculate. $1.275 < 1.986$ with a value of Sig. $0.205 > 0.05$. So, if the conclusion is that the independent variable of business scale has no effect on the dependent variable of accounting information utilization, then the hypothesis is rejected.

d. Hypothesis 4

In keeping with the findings of the research, the variable of business experience has a value of T-count. $4.629 > 1.986$ with a sig value of $0.000 < 0.05$. So, if the result is that the independent variable of business experience influences the dependent variable of accounting information utilization, then the hypothesis is accepted.

5. Conclusion

The aim of this study is to find out if accounting expertise, education level, business scale, and business experience influence the utilization of accounting information by Micro, Small, and Medium Enterprises (MSMEs). Based on research conducted utilizing data collection strategies such as surveys given directly to respondents. It may be determined that accounting knowledge, education level, and business experience all influence the utilization of MSME accounting information, however, firm scale has no effect.

1. Accounting knowledge affects the use of accounting information. The accounting knowledge variable has a significance value of $0.000 < 0.05$. So it is concluded that H_1 in this study is accepted.
2. The level of education has no effect on the use of accounting information. The variable level of education has a significance value compared to the significance at the 5% level of $0.057 > 0.05$, stating that the level of education has no effect on the use of accounting information. However, when using significance at the 10% level $0.057 < 0.10$ states that the level of education affects the use of accounting information. So it is concluded that H_2 in this study is accepted.
3. Business scale has no effect on the use of accounting information. The business scale variable has a sig value. $0.205 > 0.05$. So it is concluded that H_3 in this study is rejected.
4. Business experience affects the use of accounting information. The business experience variable has a sig value. $0.000 < 0.05$. So it is concluded that H_4 in this study is accepted.

6. Suggestions

Based on the above conclusions, there are several suggestions that can be taken into consideration for further research:

1. Further research is recommended to add data collection methods, not only using questionnaires but can be added using the interview method. This is done so that the data obtained becomes more accurate and complete.
2. Further research is recommended to add other variables that may have an influence on the use of more accurate accounting information for MSME actors.
3. Further research is expected to be able to expand the research object.

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