



Determining Factors of The Use of Accounting Information on Small and Medium Enterprises with Good Corporate Governance as An Intervening Variable

Mustaghfiroh[✉], Heri Yanto

Jurusan Akuntansi, Fakultas Ekonomi, Universitas Negeri Semarang, Indonesia

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Abstrak

Penelitian bertujuan untuk mengetahui bagaimana pengaruh pendidikan pemilik, umur perusahaan dan skala usaha terhadap penggunaan informasi akuntansi pada usaha kecil dan menengah dengan good corporate governance sebagai variabel intervening. Sampel yang digunakan dalam penelitian ini sejumlah 250 responden. Pengambilan sampel menggunakan teknik simple random sampling. Pengambilan data dilakukan dengan survey lapangan. Instrumen yang digunakan dalam pengambilan data adalah kuesioner. Analisis data dalam penelitian ini menggunakan analisis jalur dengan AMOS 21. Hasil penelitian menunjukkan bahwa pendidikan pemilik terhadap good corporate governance, skala usaha dan good corporate governance terhadap penggunaan informasi akuntansi dinyatakan berpengaruh positif dan signifikan. Sedangkan umur perusahaan dan skala usaha tidak berpengaruh positif yang signifikan terhadap good corporate governance. Good corporate governance terbukti memediasi pengaruh pendidikan pemilik, umur perusahaan dan skala usaha dalam penggunaan informasi akuntansi pada usaha kecil dan menengah di Kabupaten Kendal.

Abstract

The study aims to determine how the effect of owner's education, company's age and business scale on the use of accounting information on small and medium enterprises with good corporate governance as an intervening variable. The sample used in this study a number of 250 respondents. Sampling used simple random sampling technique. Data were collected by field survey. The instrument used in data collection was a questionnaire. Data analysis of this study used path analysis with AMOS 21. The results showed that the owner's education to good corporate governance, business scale and good corporate governance on the use of accounting information revealed had positive and significant effect. Meanwhike, the age of the company and the business scale did not have a significant positive effect on good corporate governance. Good corporate governance proven to mediate the effect of owner's education, the age of the company and the business scale in the use of accounting information on small and medium enterprises in Kendal.

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[✉] Correspondence Author:

Gedung L2 Lantai 2 FE Unnes
 Kampus Sekaran, Gunungpati, Semarang, 50229
 E-mail: mustaghfiroh94@gmail.com

INTRODUCTION

Small and medium enterprises or often abbreviated as SMEs is one important part of the economy of a country and region, as well as the state of Indonesia. In the midst of a storm of monetary crisis, small and medium enterprises continue to have a significant contribution in supporting Indonesia's gross domestic product (Astuti, 2007). The development of SMEs needs to get great attention from both government and society in order to grow more competitive with other economic actors. Good Corporate Governance (GCG) itself is considered as an important thing to realize the improvement of a business success for the company (Yuliasuti, 2015). In outline, the implementation of GCG has a good purpose to create the interests of parties related to business or enterprises run by a company. Principles of business applied by SMEs, in practice can be associated with the concept of Good Corporate Governance (GCG) that is applied by large business units such as companies. By applying GCG principles consisting of transparency, accountability, responsibility, independence and fairness as well as equality. Those GCG Principles are a universal value that should be a reference and a grip for all business entities, both large and small business as well as SMEs (Maskur, 2012).

Accounting information is very needed by company management in formulating various decisions in solving all problems faced by the company (Fitriyah, 2006). One of the decision-making can be seen from the results of the company's financial statements. Accounting information relates to accounting data on financial transactions of a business unit, whether business services, trade or manufacturing. Accounting information can be a reliable basis for economic decision making in small business management, including market development decisions, pricing and others. Accounting information is very useful for SMEs, because accounting is a tool that produces output in the form of information used by users of the information for a decision-making, (Nicholls and Holmes, 1988). Accounting information can be used to measure and communicate corporate financial information that is highly needed by the management in formulating various decisions to solve the problems faced by the company. The purpose of accounting information is to provide instructions in decision making of a company that can be used for internal and external parties. So far there are still many small and medium enterprises that have not used accounting information on their business. However, accounting is very important for the company as a tool for decision making. Lack of accounting information is one of the factors that cause failure in small and medium enterprises in developing the business (Profilia, 2006).

Owner's education is the ability and expertise of the owner or manager of SMEs determined from the formal education that has been taken. Based on the research conducted by Holmes and Nicholls (1988), Grace (2003), Putri (2010) and Candra (2010), state that owner's education has a positive effect on the use of accounting information. While research conducted by Astuti (2007) shows that owner's education does not have significant effect on the use of accounting information. Holmes and Nicholls (1988) show that the provision of accounting information is influenced by the age of the company, ie the younger the age of the company there is a tendency to express accounting information extensively to make decisions compared with older companies. In the research of Grace (2003), Putri (2010) and Candra (2010) age of company have a positive effect on the use of accounting information in small and medium enterprises. While research of Astuti (2007) shows that the age of the company does not have significant effect on the use of accounting information. Business scale is the ability of the company in managing its business by looking at how many employees are employed and how much revenue the company earns in one accounting period (Nicholls and Holmes, 1988). Research of Grace (2003), Fitriyah (2006), Astuti (2007) and Putri (2010) indicate that business scale positively influences the use of accounting information. While

Christian's research (2010) shows that bussiness scale does not affect the use of accounting information.

Different research results that have been mentioned indicate the existence of research gap in similar research. Therefore, research on the effect of owner's education, company's age and business scale on the use of accounting information is interesting to investigate. However, in this study the authors add a new variable that is good corporate governance as intervening variable. This study aims to find out about the effect of owner's education, company's age, and business scale on the use of accounting information. In addition, to know that GCG is feasible or not to be applied in small and medium enterprises. Figure 1 shows the theoretical framework in this study.

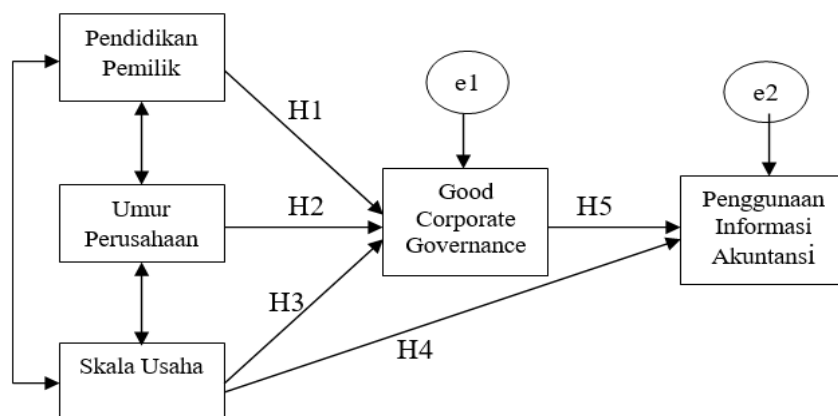


Figure 1. Theoretical Framework

Based on the model above can be generated the following hypothesis:

- H1: There is a positive effect of owner's education on the Good Corporate Governance on Small and Medium Enterprises
- H2: There is a positive effect of company's age on Good Corporate Governance on small and medium enterprises
- H3: There is a positive effect of business scale on Good Corporate Governance on small and medium enterprises
- H4: There is a positive effect of business scale on the use of accounting information on small and medium enterprises
- H5: There is a positive effect of Good Corporate Governance on the use of accounting information on small and medium enterprises
- H6: There is a positive effect of owner's education on the use of accounting information through Good Corporate Governance on small and medium enterprises
- H7: There is a positive effect of company's age on the use of accounting information through Good Corporate Governance on small and medium enterprises
- H8: There is a positive effect of business scale on the use of accounting information through Good Corporate Governance on small and medium enterprises

METHODS

The population in this study was the manager or owner of small and medium enterprises located in Kendal district. Number of small and medium enterprises registered in the Office of Cooperatives of Small, Micro, and Medium Enterprises as many as 12,758 SMEs. Sample in this study was taken by using Simple Random Sampling technique and using Slovin formula. The

sample used in this study was 250 respondents. Data collection technique in this study was field survey by distributing directly. Research instrument used for data collection was questionnaire. The questionnaire was distributed directly to the respondents. Data analysis in this research used path analysis with AMOS 21 program.

In this study five variables were used, they were three exogenous variables, one endogenous variable, and one intervening variable. Exogenous variables in this study were owner's education, company's age, and business scale. Endogenous variable in this research was the use of accounting information. While good corporate governance was as intervening variable. Explanation about definition and operational of research variables was described in table 1 below:

Table 1. Operational Definition of Research Variables

Research Variables	Operational Definition	Variable Measurement
The Use of Accounting Information (PIA)	Statutory information, budget information, and additional information (Holmes and Nicholls, 1988)	Likert Scale : Never Rarely Sometimes Often Always
Good Corporate Governance (GCG)	Transparency, accountability, responsibility, independence, and fairness (Maskur, 2012) and (Yulastuti, 2015)	Likert Scale : Never Rarely Sometimes Often Always
Owner's Education (PP)	The duration of education (Holmes and Nicholls, 1988)	For elementary education scored 6 years, Junior High School scored 9 years, Senior High School scored 12 years, Diploma scored 15 years and Bachelor scored 16 years
Company's Age (UP)	The length of company's age operates (Grace, 2003)	Recorded according to the age of the company operates or the length of the business that has been executed.
Business Scale (SU)	Total full time work force (Astuti, 2007)	Recorded in accordance with the real amount of work force employed within the company

Data analysis in this study used descriptive statistics and path analysis. Descriptive analysis was used to describe demographics of the respondents. While path analysis was used to examine the fit of the correlation matrix of two or more compared models (Ghozali, 2011).

RESULTS AND DISCUSSIONS

Descriptive statistics was used to describe sex, age, and education level of the respondents. Sex description to describe the number of respondents of male and female sex. Description of the age of respondents to describe age range of the respondents studied. Meanwhile description of education level of the respondents to describe the level of formal education that has been taken by the respondents. The demographics of the respondents were described in the following table:

Table 2. Demographics of the Respondents

Explanation	Number	Percentage
Sex		
Male	145	72,5%
Female	55	27,5%
Total	200	100%
Age		
≤ 20 years	0	0%
21 – 30 years	23	11,5%
31 – 40 years	66	33%
41 – 50 years	70	35%
≥ 50 years	41	20,5%
Total	200	100%
Education Level		
Elementary School	29	14,5%
Junior High School	59	29,5%
Senior High School	83	41,5%
Diploma	13	6,5%
Bachelor	16	8%
Total	200	100%

Path analysis was used to find out the relationship between two variables of accounting information use and good corporate governance, owner’s education, company’s age and business scale. Here was a diagram of the path analysis:

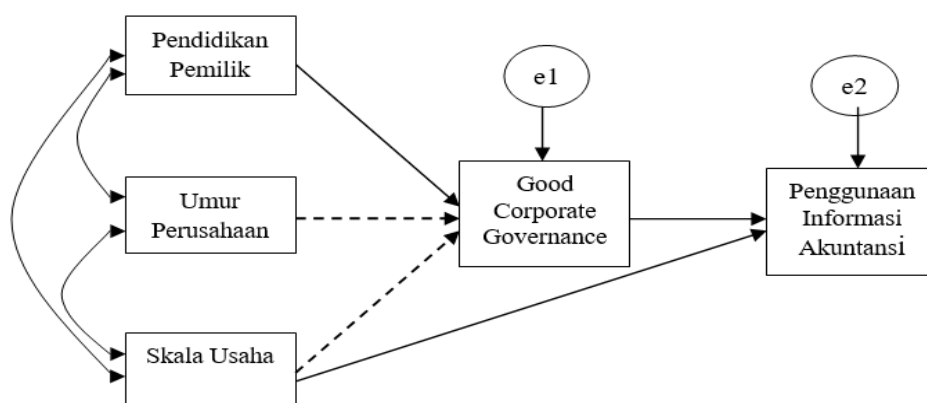


Figure 2 . Path Diagram

Based on the figure could be seen that the hypothesis accepted was shown with a straight line. Meanwhile, the rejected hypothesis was indicated by dashed lines. Criteria of significance level used in this study was 5% ($\alpha = 0.05$) i.e. trust in the amount of 95%. Table 3 was the result of goodness of fit index calculation that showed whether the model used has been in accordance with the cut-off value so it could state whether the model would be rejected or accepted.

Table 3. The Result of Goodness of Fit Index Calculation

No	Goodness of Fit Index	Cut-off Value	Result	Decision
1	X ² -Chi Square	Small	0.270	Fit
2	Significance Probability	≥ 0.05	0.874	Fit
3	RMSEA	≤ 0.08	0.000	Fit
4	GFI	≥ 0.90	0.999	Fit
5	AGFI	≥ 0.90	0.996	Fit
6	CMIN/DF	≤ 2.00	0.135	Fit
7	TLI	≥ 0.95	1.268	Fit
8	CFI	≥ 0.95	1.000	Fit

The results of calculation showed that χ^2 - chi square equal to 0.270 so that the overall research model was stated fit or satisfactory. The probability level was $0.874 \geq 0.05$ so that the overall research model was stated fit which meant that significantly theoretical model with research data have good suitability. RMSEA (Root Mean Square Error of Approximation) value was 0.000 so it could be seen that the model fit. GFI (Goodness of Fit Index) value was $0.999 \geq 0.90$ so that the overall research model was stated fit. This means that 99% of the existence of the model could be explained by the variables studied. The value of GFI showed that the research variable had a relatively large contribution to the existence of the model. The value of AGFI (Adjusted Goodness of Fit Index) was $0.996 \geq 0.90$ so it could be concluded that the model was very fit. CMIN / DF value was $0.135 \leq 2.00$. From the results, it could be concluded that the model was very fit. The value of TLI (Tucker Lewis Index) was $1.268 \geq 0.95$ so it could be concluded that the research model used was fit. The value of CFI (Comparative Fit Index) was $1,000 \geq 0.95$ so it could be concluded the research model used fit .

Based on the RMSEA (Root Mean Square Error of Approximation) value, model was stated to have good suitability. However, based X²- chi square, probability level, goodness of fit index (GFI), adjusted goodness of fit index (AGFI), CMIN / DF, tucker lewis index (TLI), and comparative fit index (CFI), the model was relatively good then overall model stated good fit. Thus, it was stated that significantly there was no difference between the theoretical model developed and the research data, and even has a good fit as required in the path analysis model.

The following table showed the output of AMOS 21.0 for hypothesis testing by using path analysis.

Table 4. The Result of Regression Weight Analysis

		Estimate	S.E.	C.R.	P	Label
GCG <---	UP	.051	.077	.657	.511	par_1
GCG <---	SU	.044	.111	.400	.689	par_2
GCG <---	PP	.864	.214	4.041	***	par_3
PIA <---	GCG	.231	.071	3.243	.001	par_4
PIA <---	SU	.218	.114	1.910	.056	par_5

Table 5. Standardized Regression Weight

			Estimate
GCG	<---	UP	.046
GCG	<---	SU	.028
GCG	<---	PP	.279
PIA	<---	GCG	.222
PIA	<---	SU	.131

The first hypothesis of this study was there was a significant positive effect of Owner's Education on Good Corporate Governance. Based on the result of data processing could be seen that the CR value of the relationship between Owner's Education on Good Corporate Governance was 4.041 far above 1.96 which was a requirement of CR with p-value <0.01 less than 0.05 which was the maximum limit of p-value. So it could be concluded that there was a significant positive effect of Owner's Education on Good Corporate Governance therefore the first hypothesis of this study could be accepted. The second hypothesis of this research was there was a significant positive effect of Company's Age on Good Corporate Governance. Based on the result of data processing could be seen that the CR value of the relationship between Company's Age on Good Corporate Governance was 0.657 below 1.96 and did not meet the requirements of CR with p-value of $0.511 > 0.05$ which was the maximum limit of p-value. So it could be concluded that there was no significant positive effect of Company's Age on Good Corporate Governance therefore the second hypothesis of this study was rejected.

The third hypothesis in this study was there was no significant effect of Business Scale on Good Corporate Governance. Based on the result of data processing could be seen that the CR value of the relationship between Business Scale on Good Corporate Governance was 0.400 below 1.96 and did not meet the requirements of CR with p-value of $0.689 > 0.05$ which was the maximum limit of p-value. So it could be concluded that there was no significant positive effect of Business Scale on Good Corporate Governance therefore the third hypothesis of this study was rejected. The fourth hypothesis in this study was there was a positive and significant effect of Business Scale on the Use of Accounting Information. Based on the result of data processing could be seen that the CR value of the relationship between Owner's Education on Good Corporate Governance was 1.910 under 1.96 which was the requirement of CR with p-value of $0.056 < 0.05$ which was the maximum limit of p-value. So it could be concluded that there was a significant positive effect of Business Scale on the Use of Accounting Information therefore the fourth hypothesis of this study was accepted.

The fifth hypothesis in this study was there was positive and significant effect of Good Corporate Governance on the Use of Accounting Information. Based on the result of data processing could be seen that the CR value of the relationship between Owner's Education on Good Corporate Governance was 3.243 above 1.96 which was the requirement of CR with p-value of $0.001 < 0.05$ which was the maximum limit of p-value. So it could be concluded that there was a significant positive effect of Good Corporate Governance on the Use of Accounting Information therefore the fifth hypothesis of this research was accepted. The sixth hypothesis in this study was the existence of positive and significant effect between variable of Owner's Education on the Use of Accounting Information through Good Corporate Governance. The effect indicated by standardized indirect effect which stated that the variable of owner's education had an indirect influence on the use of accounting information through Good Corporate Governance was equal to 0.062.

The seventh hypothesis in this study was the existence of positive and significant effect between the variable of Company's Age on the Use of Accounting Information through Good Corporate Governance. The effect indicated by standardized indirect effect which stated that the

variable of company's age had an indirect effect on the use of accounting information through Good Corporate Governance was equal to 0.010. The eighth hypothesis in this study was the existence of positive and significant effect between Business Scale variable on the Use of Accounting Information through Good Corporate Governance. The effect indicated by standardized indirect effect which stated that business scale variable had indirect effect on the use of accounting information through Good Corporate Governance was equal to 0.006. However, from the direct effect that result from standardized direct effect equal to 0.131 could be stated that direct effect between chance more attracted a lot of workforce. This study prove that the high scale of business which seen from the amount of workforce could support the use of accounting information so as to provide good assessment for Good Corporate Governance.

CONCLUSIONS

The result of this study indicates that the effect of owner's education on good corporate governance, the effect of business scale on the use of accounting information, and the effect of good corporate governance on the use of accounting information has a significant positive effect. The effect of company's age on good corporate governance and the effect of business scale on good corporate governance do not have significant positive effect. There are indirect effects between variables and there is a direct effect even though the effect is weak in the study. Further research should add other variables that allegedly affect the use of accounting information.

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