ACCOUNTING VALUES OF WOVEN FABRIC SMALL AND MEDIUM ENTERPRISES IN KLATEN INDONESIA

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Abstract: *The research target is to examine and to analyze the use of accounting information for Small and Medium Enterprises (SMEs) on woven fabrics from the following aspects: manager decisions, business scale, business significances, and business liabilities. The samples of woven fabric Small and Medium Enterprises population in Klaten were collected using purposive sampling obtained from 50 respondents. The data collection was done through interviews and questionnaires, while they were analyzed using multiple linear regression test. The results of the test of business scale and business significances have an impact on the use of accounting information, but managers' decisions and business liabilities do not affect the use of accounting information by woven fabric Small and Medium Enterprises.*

Keywords: Accounting Value, Small and Medium Enterprise, Woven Fabric

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) have a role to distribute labor and to lower poverty. Micro, Small and Medium Enterprises open new job opportunities, employing labor that can reduce unemployment number in Indonesia so as to reduce poverty number. Micro, Small and Medium Enterprises have 89.2% workforce and have 99% job opportunity of the total number (Statistics Indonesia, 2016). Micro, Small and Medium Enterprises in Indonesia have an impact on gross domestic product of 60.34% and export share of 14.17% (Putri, 2019).

Micro, Small and Medium Enterprises experience limited access of financing and marketing and do not have systematic bookkeeping, hence personal and business finances are not separated. At the current condition, there must be an effort to anticipate and not to fail or go bankrupt by the understanding of accounting information use in managing good business finances (Hogan,).

One of the success indicator of a business is to have accounting knowledge. Most Micro, Small and Medium Enterprises have not used accounting information yet. The Micro, Small and Medium Enterprises industry has a difficulty to understand the benefits of accounting and does not know the importance of using accounting information in their business. Micro, Small and Medium Enterprises owner only record sales, because the profits cannot be known with certainty. The owners of Micro, Small and Medium Enterprises find it difficult to get bank credit to increase their capital because they have not been able to write business reports in accordance with banking standards. Accounting information systems and accounting knowledge of Micro, Small and Medium Enterprises in Kuningan explain that education level, business scale and the length of a business have an influence on the use of accounting information (Pradja, 2018).

In terms of the effect of business expectation, education level, and the length of a business on the use of accounting information systems, the study states that business expectations,

education level and the length of a business have no effect on the use of accounting information systems (Dewanto, 2019).

Micro, Small and Medium Enterprises in Klaten Indonesia is considerably appealing to be studied, especially in the weaving business sector which have as many as 1078 Micro, Small and Medium Enterprises. The *lurik* center is in Pedan Klaten, but the largest number of *lurik* craftsmen is in Cawas Klaten which have as many as 663 Micro, Small and Medium Enterprises (Badan Pusat Statistik Klaten. 2018).

The problems of woven fabric Small and Medium Enterprises are that they have not recorded financial records in accordance with accounting standards and the lack of accounting use in their business. Accounting in business is essential since it can describe the business conditions, facilitate the application of credits, and become the basis of calculation and tax payment. The siginificance of woven fabric Micro, Small and Medium Enterprises research is that it can be used for accounting information as the basis of decision making of business owners.

Based on the description above, a research on the use of accounting information for woven fabric Small and Medium Enterprises in Cawas Klaten needs to be conducted. Variables in this study are manager's decisions, business scale, business significances, business liabilities and the use of accounting information.

2. Theoretical Studies
The Defintion of Micro, Small, and Medium Enterprises

Micro, Small and Medium Enterprises are businesses that have an income of less than 200 million rupiah (US$ 13,795.62), managed by a person and can help the Indonesian economy to be better (Lestari, 2020). In terms of criteria, micro business has a workforce of 10 employees, small business has a workforce of 10 to 30 employees, and medium business has a workforce of 30 to 300 employees (Desmaryani, 2018).

The Definition of Accounting

Accounting is a process of financial research which is done by processing the research of good data that is used as information and is used as the basis of decision making (Mursyidi. 2010). Accounting can be divided into two, namely service users and the process of their activities. Accounting users is the ones who provide required information to conduct activities and is used to view business performance, while in terms of process of activities, accounting is used for recording, compacting, reporting, and financial checking in the business (Jusup, 1977).

The Benefit of Accounting

The benefit of accounting is to assist business owners in running their business, making it easier to manage finance. If the business owner do the bookkeeping neatly and clearly then the business owner knows the amount of net income per month and per year so as to make it easier to do tax reporting every period. Furthermore, the benefits of using accounting in business are to know the flow of money in and out, the financial condition of the company and the development of the business (Sibarani, 2019).

Manager's Decision

A manager has the responsibility of managing employees to achieve goals in business, one of the responsibilities of the manager is their decision making to achieve the objectives of a business. In terms of business, the use of accounting information has great benefits for decision makers. Accounting information is used as a guide for decision making. The more complete and clear the information, the easier it will be for the user. In the process of decision making, managers look from accounting records to make decisions. Decision making comes from internal and

external information. The manager's decision was highly influential in the use of accounting. Accounting information is indispensable in decision making, accounting information is used to create and to assess the alternatives to be selected (Kurniawan, 2020).

Business Scale

Business scale/capacity has a positive relationship to the use of accounting information. The use of accounting is perceived from the number of workers. If the number of employees increases then it increases. Labor can describe the capacity of the business in running the business. It can be figured out if the number of workers increases, the level of business complexity becomes greater. Furthermore, it can be understood that the use of accounting is required in the business (Sarosa, 2009).

Business Significance

For business owners to develop their business, capital loan credit is the largest income for them. Many business owners do business capital loans from banks for their business purposes. Before applying for capital loans to the bank, business owners must use financial statements. Accounting information or financial statements are used to comprehend the development of the company. Therefore, the lender can assess the ability to repay the loan. After all, the use of accounting records is required in running a business (Arifin, 2009).

Business Liabilities (Taxes)

Accounting information in terms of reporting Tax Return is used for determination tof tax rate on each period. Therefore, the use of accounting information is needed in tax reporting. Tax collection uses accounting information to view and determine the tax amounts. In addition, accounting information is used to determine tax policy(Waluyo, 2008).

The framework of research which is the decision of the manager, business scale, business significances, and business liabilities has an impact on the use of Small and Medium Enterprises of accounting information of woven fabric, with the hypothesis:

It is suspected that the manager's decision had an impact on the use of accounting information for woven fabric Small and Medium Enterprises in Cawas Klaten.

It is suspected that the scale of the business has an impact on the use of accounting information for woven fabric Small and Medium Enterprises in Cawas Klaten.

It is suspected that business significances have an impact on the use of accounting information for woven fabric Small and Medium Enterprises in Cawas Klaten.

It is suspected that business liabilities have an impact on the use of accounting information for woven fabric Small and Medium Enterprises in Cawas Klaten.

3. Research Method

Data Collection

Primary data were obtained through direct interviews and sharing questionnaires through google form to Small and Medium Enterprises woven fabrics in Cawas Klaten. The questionnaire that is shared contains questions about the decision factors of the manager, the business scale, business significances, business liabilities and the use of accounting information. The population of woven fabrics Small and Medium Enterprises in Klaten as many as 663. The sample selection of woven fabrics Small and Medium Enterprises uses criteria, among others; it is recorded in Klaten Regency, it has been established for 10 years, it has an annual income of more than Rp.300.000.000 (US$ 20,725.17). Based on these criteria, samples of 50 woven fabric Small and Medium Enterprises are collected,

Definition and Measurement

1. Dependent Variable

    This variable is influenced by variables related to each other, if there is a change in the variable then the other variable will change. The use of accounting information for woven fabric Micro, Small and Medium Enterprises is dependent variable.

2. Independent Variable

    a. Manager's decision

    The manager's decision is the ability of the manager to make business decisions. In decision making, the use of accounting information has a role in dealing with problems. The manager's decision is determined by the ability to use accounting information.

    b. Business Scale

    The business scale is the ability of a person to manage his business which is seen from the number of workers and the amount of income. The number of employees indicates the company's capacity in the complexity of transactions, and the number of employees in the company's capacity to do so. The use of accounting information is required.

    c. Busines Significance

    The use of accounting information from financial statements is used as a condition of bank lending. Before applying for a loan to the bank, the business owner will use the financial statements, so that the use of accounting information is required in the business.

    d. Business Liabilities

    Business liabilities performed by paying taxes can be acknowledged through the use of accounting information of financial statements. Financial statements are one of the mandatory documents as an attachment to Tax Return and become the basis for determining the tax rate.

Data Analysis

Validity and Reability Test

1) If the value is less than 0.05 the variable is said to be valid.
2) If the CA value is greater than 0.6 the variable is said to be reliable.

Classical Assumption Test

1) If the sig. value is less than 0.05, the data is normally distributed or rejected and if the sig. value is more than 0.05 the distribution data is considered normal.
2) If the value is more than 10 and tolerance value is less than 0.10 then the data shows that there is a multicolonerity.
3) If the distribution of data is above zero and below zero or it is said that the data is scattered around zero and the plot results do not form a pattern, it can be interpreted as no symptoms of heteroscedasticity in the regression model.

Hypothesis Test

1) Multiple Linear Regression Test

    $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$

    Y = The use of accounting by MSMEs

    a = Constant

    b_1, b_2, b_3, b_4 = Regression Coefficient

    X_1 = Manager's decision

    X_2 = Business scale

    X_3 = Business significance

    X_4 = Business liabilities

    e = error

2) Criteria of F test are:
   a. If the value of $F > 4$ then Ho is rejected at 0.05 so it is said that the independent variables jointly impact dependent variables.
   b. If F_{count} value $> F_{table}$ value then Ho is rejected and Ha is accepted.
3) Criteria of T test are:
   a. If the value of $T > 4$ then Ho is rejected at a confidence degree of 0.05, thus it can be said that variable X significantly impacts variable Y.
   b. If T_{count} value $> T_{table}$ value then Ho is rejected and Ha is accepted.
4) Determination Test (R^2) is conducted to see the model's capabilities in describing the variation of dependent variables. A value between zero and one along with R^2 value indicating that variable X explains variable Y very limited.

4. Result and Discussion
4.1. Result
Validity Test

Manager's Decision

Point	Rcount	Rtable	Desc.
1	0.8	0.279	Valid
2	0.573	0.279	Valid
3	0.674	0.279	Valid
4	0.825	0.279	Valid
5	0.827	0.279	Valid

Source: primery data processed by SPSS 2021

Business Scale

Point	Rcount	Rtable	Desc.
1	0.606	0.279	Valid
2	0.517	0.279	Valid
3	0.782	0.279	Valid
4	0.773	0.279	Valid
5	0.706	0.279	Valid

Source: primary data processed SPSS 2021

Business Significance

Point	Rcount	Rtable	Desc.
1	0.643	0.279	Valid
2	0.649	0.279	Valid
3	0.559	0.279	Valid
4	0.481	0.279	Valid
5	0.611	0.279	Valid
6	0.809	0.279	Valid

Source: primary data processed by SPSS 2021

Business Liabilities

Point	Rcount	Rtable	Desc.
1	0.568	0.279	Valid
2	0.794	0.279	Valid
3	0,815	0.279	Valid
4	0.433	0.279	Valid
5	0.736	0.279	Valid

Source: primary data processed by SPSS 2021

The results of the questionnaire for each variable show a greater r_{count} than the r_{table} (0.279). Therefore, the questionnaire of manager's decision, business scale, business liabilities, business significances, and use of accounting information are declared to be valid.

Reliability Test

Reliability Test

Variable	CA value	Rcritical	Desc.
Manager's decision	0.807	0.600	Reliable
Business scale	0.712	0.600	Reliable
Business Significance	0.681	0.600	Reliable
Business liabilities	0.691	0.600	Reliable

Source: primary data processed by SPSS 2021

The reliability results show that the variables of manager's decision, business scale, business liabilities, business significances, and use of accounting information show more than 0.6 of CA value. Thus, the variable is considered as reliable.

Normality Test

The method used in this test is Kolmogorof-Smirnov Test

Normality Test

N	Kolmogorof	Sig
50	0.674	0.753

Source: primary data processed by SPSS 2021

Based on the test results, the significance of the normality test is 0.753. This value is greater than the critical value of 0.188.

The spread of the data is not spread and follows the line. It is said that the regression model meets the normality test.

Multicollinearity Test

Multicollinearity Test

Variable	Tolerance value	VIF value
Manager's decision	0.543	1.841
Business scale	0.591	1.691
Business significance	0.517	1.935
Business liabilities	0.572	1.750

Source: primary data processed by SPSS 2021

The Multicollinearity test above shows that the tolerance value of the manager's decision is $0.543 > 0.1$, while the VIF value is $1.841 < 10$. The tolerance value of the business scale is $0.591 > 0.1$, while the VIF value is $1.691 < 10$. The tolerance value of the business significance variable is $0.517 > 0.1$, while the VIF value is $1.935 < 10$. The tolerance value of the busines liabilities variable is $0.572 > 0.1$, while the VIF value is $1.750 < 10$. The test of this study shows that there is no multicollinearity.

Heterocedasticity Test

The result of the scatterplot shows that the data distribution is above zero (positive value) and below zero (negative value) or it can be said that the data is spread around zero. In addition, the results of the plot do not form a pattern. Thus, there is no symptom of heteroscedasticity.

Autocorrelation test

In this study, the autocorrelation test was not conducted since the data taken are not time period data. Thus, the autocorrection test is not required.

Multiple Linear Regression

Multiple Linear Regression	
Variable	B
Manager's decision	0.152
Business scale	0.373
Business significance	0.305
Business liabilities	-0.127

Source: primary data processed by SPSS 2021

Based on the Multiple Linear Regression Test above, the results of the equation are:

$$Y = 1.986a + 0.152X1 + 0.373X2 + 0.305X3 - 0.127X4 + e$$

The constant coefficient value is 1.986, the manager's decision regression value is 0.152, the business scale regression value is 0.373, the business significance regression value is 0.305, the business liabilities regression value is -0.127.

F-test

F Test	
F Value	Sig
8.532	0.000

Source: primary data processed by SPSS 2021

According to the F test above, it shows that $8,583 > 2.56$ and the sig value is 0.000, then H_o is rejected and H_a is accepted. Thus, the varibles of manager's decision (X1), business scale (X2), business significances (X3), business liabilities (X4) jointly have an impact on the variable of accounting information use (Y).

T-test

T-test				
Variable	T count	T table	Sig	Description
Manager's decision	1.255	1.675	0.220	H_1 is rejected
Business scale	2.783	1.675	0.008	H_2 is accepted
Business significance	2.532	1.675	0.150	H_3 is accepted
Business liabilities	1.107	1.675	0.274	H_4 is rejected

Source: primary data processed by SPSS 2021

Based on the T test above, it means:

1) Manager's decision (X1) has sig of $0.220 > 0.05$ and $t_{count} < t_{table}$ of $1.244 < 1.675$. Therefore, H_o is accepted and H_a is rejected. Manager's decision has no impact on the use of accounting information. (H_1 is rejected)

2) Business scale (X2) has sig of $0.008 < 0.05$ and $t_{count} > t_{table}$ as many as $2.783 > 1.675$. H_o is rejected, H_a is accepted. Business scale has an impact on accounting information. (H_2 is accepted)

3) Business significance (X3) has sig of $0.008 < 0.05$ and $t_{count} > t_{table}$ as many as $2.532 > 1.675$. Therefore, H_o is rejected and H_a is accepted. Business significance has an impact on accounting information. (H_3 is accepted)

4) Business liabilities (X4) has sig of $0.275 > 0.05$ and $t_{count} < t_{table}$ as many as $-1.107 < 1.675$. Thus, H_o is accepted dan H_a is rejected. Business liabilities has no impact on the use of accounting information. (H_4 is rejected)

Determination Test

Determination Test		
No	R	RS
1	0.658	0.433

Source : primary data processed by SPSS 2021

From the determination test, R Square was obtained at 0.433 or 43.3%. Thus, it can be said that the variables of manager's decision, business scale, business significances, and business liabilities jointly have an impact on the use of accounting information for woven fabric Micro, Small and Medium Enterprises by 43.3% and the 56.7% are explained by other variables outside of this study.

4.2. Discussion

The impact of manager's decision

The results of the H_1 test show that managers' decisions partially have no impact on the use of accounting information. This is not in line with the opinion of Lestari (2020) and Kurniawan (2020) which state that accounting information is needed in decision making. The manager's decision variable has no impact on the use of accounting information for woven fabric Micro, Small and Medium Enterprises due to a lack of understanding of the benefits of accounting. Thus, accounting information is not used as the basis for decision making by woven fabric Small and Medium Enterprises in Cawas Klaten.

The impact of business scale

The results of the H_2 test show that individual business scale has an impact on the use of accounting information. The greater the number of workers or employees, the greater the use of accounting information in their business. Based on the facts, woven fabric Small and Medium Enterprises in Cawas Klaten which have a workforce of 16 to 30 employees use simple accounting records. The larger the business scale, the use of accounting information to determine future steps will be required. This is in line with Pradja's opinion (2018).

The impact of business significance

The results of the H_3 test indicate that individual business significances have a significant impact on the use of accounting information. In developing their business, the owner have an

significance in bank credit and the desire of business owners to see business developments more clearly through accounting information in financial statements. This is in line with Dewanto's opinion (2019).

The impact of business liabilities

The results of the H_4 test show that individual business liabilities have no impact on the use of accounting information. The reason is because the business owner does not want to pay taxes. Woven fabric Small and Medium Enterprises do not pay taxes because they have objection on it. This is not in accordance with the opinion of Waluyo (2008) and Arifin (2009).

In a joint test, managers' decisions, business scale, business significances, and business liabilities have an impact on the use of accounting information. In terms of business scale and business significances, it is very reasonable since if the business scale is larger, the number of transactions will increase and business significances will require financial statements.

5. Conclusion

Manager's decisions has no impact on the use of accounting information because of the lack of knowledge of the benefits of accounting to make decisions for woven fabric Small and Medium Enterprises in Cawas Klaten.

Business scale has an impact on the use of accounting information because the more employees there are, the greater the transactions that are useful as accounting documents for Small and Medium Enterprises woven fabrics in Cawas Klaten.

Business significances have an impact on the use of accounting information. This is because business significances are used as a condition for bank credit purpose and the desire to advance the business of woven fabric Small and Medium Enterprises in the future.

Business liabilities have no impact on the use of accounting information, because of the low awareness of paying taxes. According to the owner of woven fabric Small and Medium Enterprises, they object to pay taxes.

Manager's decisions, business scale, business significances, business liabilities have an impact on the use of accounting information.

Suggestion

In conducting research related to the use of accounting information for small and medium-sized businesses, further researchers can add more variables but do not include variables of manager's decision and business liabilities because they are not appropriate.

Novelty of this research

This study focuses on analyzing the use of accounting information by the owner of woven fabric small and medium enterprises as the object of research.

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