

## USE OF ACCOUNTING INFORMATION AMONG SMEs: ACCOUNTING KNOWLEDGE, FINANCIAL LITERACY AND USE OF SOCIAL MEDIA

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### ABSTRACT

Accounting Information Systems are useful in managing and controlling the finances of all business entities, as well as Micro, Small, and Medium Enterprises (MSMEs). Most MSMEs need help understanding the Accounting Information System in carrying out business bookkeeping to provide financial reports. This is due to the weak capabilities of MSME players, especially regarding accounting knowledge to manage their finances in providing informative accounting information, as well as other factors such as financial literacy and use of social media. In the research, samples were obtained using the Slovin formula with results of 185 MSMEs in the Parungkuda sub-district, Sukabumi Regency. Simple random sampling technique for sampling and data analysis using multiple linear regression analysis. The results of the research show that the use of accounting information among MSMEs in Parungkuda District, Kab. Sukabumi. Influenced by Accounting Knowledge, Financial Literacy, and Use of Social Media both partially and simultaneously.

**Keywords:** Accounting, Financial Literacy, Social Media

### INTRODUCTION

MSMEs are seen as an economic sector that is quite flexible in this modern era and can make a significant contribution to the economy in Indonesia. For example, the existence of MSMEs can also provide employment opportunities for local communities and reduce the unemployment rate in Indonesia. The growth of MSMEs will be better if the problems within MSMEs can be resolved effectively and efficiently. In community life and MSME, actors are always involved with budgets and finances. Therefore, having knowledge of Accounting and knowledge of financial literacy can help in implementing a priority scale in managing their business finances properly and correctly. Apart from that, there are still some MSME players or people who do not use social media as a tool to increase their sales and promotions in MSME businesses.

Small entrepreneurs see that the accounting process is optional for them to implement. However, accounting information is crucial and necessary for

management related to financial data MSMEs (Bardiwan, 2000: 1). With accounting information, it aims to provide smooth operation for MSMEs and provide guidance in choosing the best decisions for their business and economic activities. the law stipulates the obligation to maintain good accounting records aimed at MSME entrepreneurs, which is implied in the Law on Small Businesses No. 9 of 1995 and the Taxation Law No. 2 of 2007 concerning the Development of Small and Medium Enterprises and Cooperatives. Therefore, it is hoped that MSME players will implement accounting in their business, even though, in reality, the use of accounting information by MSME players is still fragile.

A business that does not have a long-term business development concept is likely to experience static conditions. So, various efforts are needed to maintain and ensure business sustainability, one of which is increasing financial literacy for micro, small, and medium enterprises (MSMEs). Based on previous research conducted by Dermawan (2019), Hilmawati & Kusumaningtias (2021), argue that financial literacy influences the sustainability of MSMEs.

In increasing business competition, as well as maintaining business in a competitive market, MSMEs must look for ideas. One example is using social media to facilitate the dissemination of information and increase consumer awareness of the many choices of goods and services that can be chosen. The use of technology can potentially increase opportunities to collaborate with other entrepreneurs. Social media has the potential to connect many people easily, quickly and get some free marketing strategies.

Based on these conditions, the use of accounting information among MSMEs is influenced by several factors, one of which is Accounting Knowledge, Financial Literacy knowledge, and the Use of Social Media.

## **MATERIALS AND METHODS**

Accounting information, according to Mulyadi (2001:3), is an organization of forms, records, and reports that are coordinated to provide financial information needed by management to facilitate the management of MSMEs. Munawir (2011:7) states that the type and detail of information required for an organization will be different from other organizations depending on the type and size of the

organization. However, in general, the information needed by most organizations is the same, namely qualitative and quantitative information.

The Financial Services Authority (OJK) in 2013 explained that financial literacy is financial knowledge and beliefs that influence attitudes and behavior to improve the quality of decision-making and financial management to achieve prosperity. Having good financial literacy is very important to control the company's sustainability and has long-term effects. Financial literacy is also a person's understanding and ability to measure financial concepts and manage finances by implementing accountability properly and correctly. Apart from that, financial literacy can influence a person's mindset towards dealing with economic conditions and can influence strategic decision-making regarding finances and better management for business owners. Business management is one of the problems in MSMEs because if financial management in MSMEs is not suitable, it will affect the MSMEs themselves.

Social Media can be interpreted as an internet medium that allows users to interact with other people and even collaborate and share with other users to form virtual social bonds (Nasrullah, 2015: 40). The definition of social media, according to Shirky, 2014 states that social media and social software are tools to increase the ability to share and collaborate.

MSMES needs to utilize social media to improve the sales performance of their products. By using social media, you can minimize obstacles such as distance, scope, and time. Therefore, MSME players should have started taking steps to promote and sell their products via social media.

The population in this study was 346 Micro, Small, and Medium Enterprises (MSMEs) in Parungkuda District, Kab. Sukabumi. The number of samples obtained using the Slovin formula with an error limit of 5% resulted in 185 respondents. A simple random sampling technique for sampling and data analysis uses multiple linear regression analysis. There are three indicators used in the use of accounting information systems in this research, namely, accounting knowledge, Financial Literacy, and Media Utilization. Financial literacy level categories use a scale *Likert* as follows.

**Table 1. Scale Scores *Likert***

<b>Answer</b>	<b>Score</b>
Strongly Agree (SS)	5
Agree (S)	4
Disagree (KS)	3
Disagree (TS)	2
Strongly Disagree (STS)	1

Source: Sugiyono, (2019:133)

## **RESEARCH RESULTS AND DISCUSSION**

### **Respondent Demographics**

The following is the classification of respondents based on type of business

**Table 2. Demographics of Respondents Based on Business Type**

<b>Sector</b>	<b>Frequency</b>	<b>Percent</b>
Agriculture	20	10,8%
trade	165	89,2%
<b>Total</b>	<b>185</b>	<b>100%</b>

Based on Table 1, MSME actors in Parungkuda District, Sukabumi Regency are 89.2% dominated by the MSME trade sector. The following is the classification of respondents based on Business Turnover.

**Table 3. Demographics of Respondents Based on Business Turnover**

<b>Business Turnover</b>	<b>Freque ncy</b>	<b>Percen t</b>
< Rp.2,000,000,000	174	94,05%
Rp.2,000,000,000 – Rp. 15,000,000,000	11	5,95%
<b>Total</b>	<b>185</b>	<b>100%</b>

Source: Primary data processed, 2023

Based on the data obtained, it shows that the most significant number of respondents were respondents with an annual income of less than IDR 2,000,000,000, 174 respondents with a percentage of 94.05%.

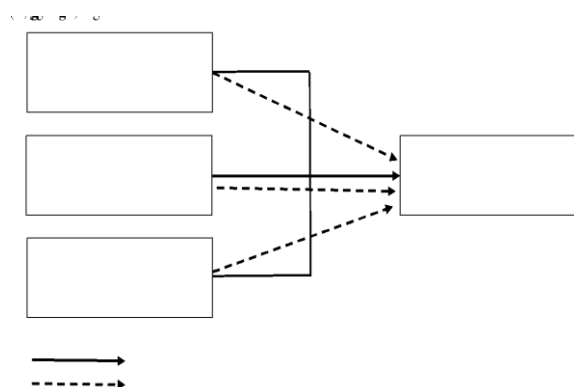
As for the demographics of respondents based on gender, age, and level of education, data obtained from MSME actors in Parungkuda District, Sukabumi Regency for gender is dominated by women as much as 54.05%, based on age the

dominance is 21-30 years or as much as 57.30%, and with a high school education as much as 54.1%.

A description of the use of the Accounting System for each indicator can be as follows.

1. Respondent's answers to the accounting knowledge variable that they scored highest on statement no.7 reached 4.44, and the one with the lowest score was statement no.10, 3.62. The average score was 4.06, so it could be concluded that Micro, Small, and Medium Enterprises (MSMEs) agreed that accounting knowledge had an influence on the use of accounting information.
2. Respondents' answers to the financial literacy variable scored statement no.1, reached 4.63, and the one with the lowest score was statement no.2; from the conclusion of the table above, the average score is 4.39, so it can be concluded that Micro, Small, and Medium Enterprises (MSMEs) strongly agree that financial literacy has an influence on the use of accounting information.
3. It can be concluded that the respondents' answers to the social media utilization variable scored the highest. Statement no.2 reached 4.42, and the one with the lowest score was statement no.4, namely 4.05. The average score is 4.31, so MSME players strongly agree that using social media influences the use of accounting information.
4. Based on the table above, it can be concluded that the respondents' answers scored highest in statement no.6, reached 4.62, and the one with the lowest score was statement no.11, namely 3.68.

The results of this research show that with positive numbers, there is a simultaneous positive and significant influence of accounting, financial literacy, and the use of social media on the use of accounting information. And seen from the calculation of the coefficient of determination (*R Square*) obtained a value of 0.465. These results show a contribution of 46.5% from the independent variables of accounting knowledge, financial literacy, and use of social media in explaining the use of accounting information. Meanwhile, the remaining 53.5% was influenced by other variables not included in this research. The implications of the relationship between accounting knowledge, financial literacy, and the use of social media are as follows:



Source: Processed data, 2023

**Figure 1**  
**The Relationship between Accounting Knowledge, Financial Literacy, and the Use of Social Media on the Use of Accounting Information**

Meanwhile, the results of the F test show that the simultaneous influence of all independent variables (accounting knowledge, financial literacy, and use of social media) on the use of accounting information shows significant results. The analysis results show that the F value is 52.336 with a significance level of  $0.000 < 0.05$ .

**Accounting Knowledge**

Accounting knowledge has a significant positive effect on the use of accounting information. This means that the better your accounting knowledge, the more you will improve the process of using accounting information. Based on the statement in the accounting knowledge questionnaire states that they know the basic accounting equation formula and understand accounting in running the business. MSME players already know how to prepare profit/loss reports, and all recording or bookkeeping has been done following correct accounting provisions. This statement influences the statement of accounting knowledge. If this is determined and implemented in business, it will create good accounting knowledge in applying accounting information.

**Financial Literacy.**

Financial literacy has a significant positive effect on the use of accounting information. This means that the better financial literacy, the more the process of using accounting information will improve. Based on the statement in the financial literacy questionnaire that MSME players have separated personal money/cash

from company money/cash, MSME players also make budgets and know the application of basic accounting for their business. If this is determined and implemented in business, it will create good financial literacy in accounting information.

#### **Utilization of Social Media.**

Social media influences the use of accounting information among MSMEs in Parungkuda District, Sukabumi Regency.

The results of this study support the third hypothesis, namely, based on a partial test, the use of social media influences the use of accounting information, and research conducted by Moch Hari et al. (2016) shows partial results. The use of social media has a positive and significant effect on the development of small and medium businesses. (SME). Research results show that social media influences the use of accounting information.

### **CONCLUSIONS AND IMPLICATIONS**

Several indicators revealed that Accounting Knowledge, Financial Literacy, and Use of Social Media were at a score above four or in the strongly agree category, with the results having a significant influence on the Use of Accounting Information among MSMEs in Parungkuda District Sukabumi. This research revealed more deeply the relationship between Accounting Knowledge and the use of accounting information, which can be the basis for managing MSME businesses towards developing MSME businesses. The novelty of this research reveals that MSME actors are aware of the importance of using accounting information to develop their business.

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