



The Moderation Effect of Business Owner Support in The Relationship of Company Size on The Implementation of Digital Accounting Systems in MSMEs in Gianyar Regency

Nyoman Angga Pradipa¹, Putu Rany Wedasuari², and Kadek Dian Jatiwardani³

^{1,2,3} Accounting Department, Politeknik Negeri Bali, Bali, Indonesia
anggapradipa@pnb.ac.id

Abstract. MSME owners strive to continue to develop the scale of their business to increase profits, but there are still many obstacles faced by MSME. One of the limitations faced by MSME is limited capital. MSME often fail to access capital assistance because their financial reports are still unreliable. This is based on the financial recording and reporting process which still uses a manual system. The development of company scale or size should be followed by an increase in the quality of financial reports which can be demonstrated by the application of digital accounting. Previous research regarding the influence of company size on the implementation of digital accounting systems shows inconsistent results. This research uses quantitative methods with an associative approach. The respondents of this research are MSME owners in Gianyar Regency, Bali Province, Indonesia. The data collection method uses a questionnaire. Data was processed using Moderated Regression Analysis (MRA) by the Smart PLS application. The results of this research indicate that company size has a positive but not significant effect on the implementation of digital accounting systems. The greater the support from business owners, the better the implementation of the digital accounting system, and the support from business owners will strengthen the relationship between company size and the implementation of digital accounting systems in MSMEs.

Keywords: Business Owner Support, Company Size, Digital Accounting System

1 Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a form of business that plays a role in economic growth in Indonesia. One of the contributions of MSMEs is to provide job opportunities for the community. Considering the importance of the contribution of MSMEs, many financing programs have been prepared for MSMEs, both run by the government and banks. This financing program is also a strategy to increase the business scale of an MSME. The high amount of financing available to MSMEs is not in line with the number of MSMEs that have succeeded in obtaining funding, considering that one of the requirements for applying for capital assistance is the

© The Author(s) 2024

A. A. N. G. Saptika et al. (eds.), *Proceedings of the International Conference on Sustainable Green Tourism Applied Science - Social Applied Science 2024 (ICoSTAS-SAS 2024)*,

Advances in Economics, Business and Management Research 308,

https://doi.org/10.2991/978-94-6463-622-2_23

presentation of financial reports. MSME players experience difficulties due to the lack of knowledge and use of financial reports that comply with existing standards (Ramadhani et al., 2018). MSME players have not recorded their business financial reports properly. They only do the recording of income and expenses (Gustia & Choirunnisak, 2022). As a result, the company's net profit is difficult to know. Recording good business financial reports can help companies manage and assess company growth. The information presented in financial reports is also useful for stakeholders. In general, accounting information is a tool used by users of accounting information in making decisions, especially by business people (Aditiya, 2022). Accounting information systems are not only applied to large companies, but also can be used in micro, small, and medium businesses (Harahap & Harahap, 2022).

As time goes by, accounting information systems are developing and becoming digital-based accounting systems. Digitalized information systems in this modern era have an important role in the progress of an organization, including in the business world. This digital accounting system also helps in accommodating the business complexity of a company (Miftah & Sukmawati, 2020). Implementing a digital accounting system using accounting programs/software can certainly help companies produce accurate and accountable financial reports (Sulistiyowati & As'adi, 2023). Digital accounting applications are designed to simplify financial management and optimize MSME performance in building competitive advantages.

In Indonesia, determining the scale of micro, small, and medium enterprises is based on Government Regulation Number 7 of 2021 concerning the Facilitation, Protection, and Empowerment of Cooperatives and Micro, Small, and Medium Enterprises. Based on these regulations, the business scale is determined by calculating in detail the amount of business capital used by each company. Due to the relatively modest size of the business, MSMEs are generally fully managed by the owner or founder of the business. The owner also ends up taking on the financial responsibility of the business, meaning if the business fails, it loses money and credibility. The quality of the owner in managing and developing information systems in his business will follow the size of the assets they manage. The bigger the business they have, the need to implement a digital accounting system is very necessary. The owner's increasing interest in the results of the accounting information system makes the investment value in the accounting information system greater and can improve the quality of external financial reports (Kubota & Okuda, 2023). Support from top management also greatly influences the implementation of accounting information systems (Anggadini, 2015; Aulia et al., 2021; Ladewi & Nurhayati, 2015; Lutfi et al., 2022).

2 Methodology

This research aims to determine the moderating effect of business owner support on the relationship between company size and the implementation of a digital accounting system. The population in this study were MSME owners in Gianyar Regency, Bali Province, Indonesia. Considering the limited time and capabilities of researchers as well as the type of business and the very large number of MSME actors, the researchers took samples using formal MSME criteria of 100 actors using the Slovin Formula. The data collection method in this research uses the observation method and

survey method with a questionnaire. This research uses a quantitative analysis approach. Hypothesis testing and model feasibility (fit) were carried out using Structural Equation Modeling (SEM) analysis using SmartPLS software, which was run using a computer. The measurement model is used to test validity and reliability, while the structural model is used to test causality.

3 Result and Discussion

3.1 Result

Evaluation of Model Measurements (Outer Model). The Outer Model is a model that defines the relationship between the construct or latent variable and its indicators. Convergent Validity Guidelines are outer loading values that are greater than or equal to 0.7.

Table 1. Outer loadings

Indicator	Business Owner Support	Company Size	The Implementation of Digital Accounting System	Moderation
M1	0.919			
M2	0.925			
M3	0.905			
M4	0.912			
M5	0.825			
X		1.000		
X*M				1.023
Y1			0.906	
Y2			0.951	
Y3			0.909	
Y4			0.921	
Y5			0.899	
Y6			0.877	

Based on the information listed in Table 1, all outer loadings values are more than 0.7, so it can be concluded that each indicator is a manifestation of the latent variables of company size, business owner support, and implementation of a digital accounting system. To find out the Discriminant Validity value, it can be evaluated by looking at the cross-loading value where each indicator must be greater than the cross-loadings on other indicators so it can be said to be valid.

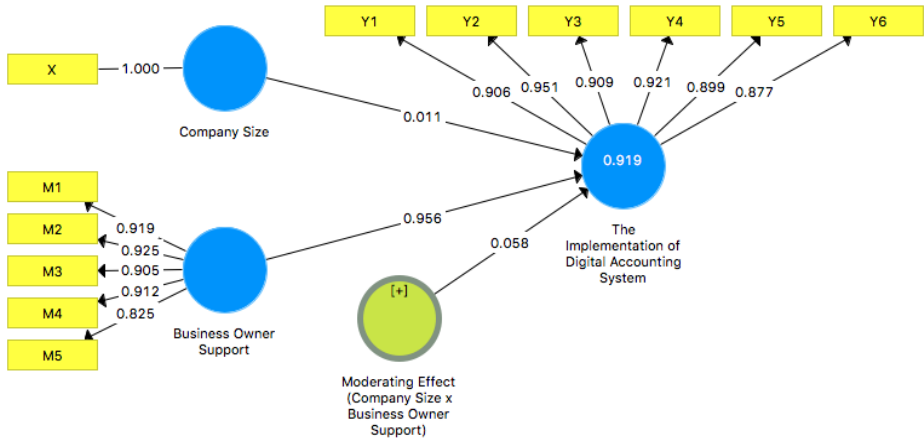


Figure 1. Structural model

Based on the analysis carried out, it can be seen that the cross-loading value of each indicator on the related latent variable is greater than the cross-loading on other latent variables, so it can be said that the indicator is valid. This can be seen in Table 2.

Table 2. Cross Loading

Indicator	Business Owner Support	Company Size	The Implementation of Digital Accounting System	Moderation
M1	0.919	0.126	0.891	-0.016
M2	0.925	0.168	0.875	0.006
M3	0.905	0.164	0.850	-0.014
M4	0.912	0.109	0.879	-0.014
M5	0.825	0.208	0.796	-0.045
X	0.171	1.000	0.181	0.125
X*M	-0.018	0.125	0.043	1.000
Y1	0.906	0.106	0.906	0.012
Y2	0.904	0.171	0.951	0.035
Y3	0.889	0.214	0.909	0.066
Y4	0.858	0.192	0.921	0.038
Y5	0.852	0.133	0.899	0.103
Y6	0.811	0.176	0.877	-0.018

Another method that can be used as a determinant of construct validity is using Average Variance Extracted (AVE), with the criteria being an AVE value greater than 0.5. The analysis of the Average Variance Extracted (AVE) value is shown in Table 3. The AVE value of the latent variable is greater than 0.5 so the construct validity is good.

Table 3. Average variance extracted (AVE)

Variable	Ave value
Business Owner Support	0.806
The Implementation of a Digital Accounting System	0.829
Moderating Effect	1.000
Company Size	1.000

Apart from construct validity testing, construct reliability testing was also carried out by testing in two ways, namely by comparing Cronbach's Alpha and Composite Reliability values. The criteria for a construct to be considered reliable are Cronbach's Alpha and Composite Reliability values above 0.7. From the research results, it can be seen in Table 4 that the value of both tools is above 0.7 so the construct can be said to be reliable.

Table 4. Cronbach's Alpha dan composite reliability

Variable	Cronbach's alpha	Composite reliability
Business Owner Support	0.939	0.954
The Implementation of a Digital Accounting System	0.959	0.967
Moderating Effect	1.000	1.000
Company Size	1.000	1.000

Structural Model Evaluation (Inner Model). Structural model testing can be done by looking at the R Square value which is a model goodness of fit test. Based on the research results, the R Square value was 0.919 and the adjusted R Square value was 0.916, so it can be explained that all latent variables of business owner support, company size, and moderation both simultaneously influence the variation of the investment decision variable by 91.9 percent and the remainder is 8.1 percent. 8.1 percent is influenced by other variables outside the model. Apart from that, the adjusted R2 value of 91.6 percent is a strong model. The research results also show that the SRMR value is 0.042 < 0.080 and the NFI value is 0.871 close to 1, so based on both assessments it can be concluded that the model fits the data. Table 7 shows that the VIF value is below 3.3 so there is no multicollinearity or correlation between variables.

Table 5. R Square and R square adjusted

Variable	R Square	R Square adjusted
The implementation of digital accounting system	0.919	0.916

Table 6. Model fit

Criteria	Saturated model	Estimated model
SRMR	0.042	0.042
NFI	0.871	0.871

Table 7. Inner VIF values

Variable	The Implementation of Digital Accounting System
Business Owner Support	1.032
Moderation Effect	1.017
Company Size	1.048

Hypothesis Test. To test the hypothesis, a structural model equation with a PLS approach was used, using Smart PLS software version 3.2.9. Hypothesis testing uses the t-Test to determine the partial influence of the independent variable (X) on the dependent variable (Y). The test used is one-sided, so $\alpha = 0.05$. The results of hypothesis testing are shown in Table 8.

Table 8. Influence Between Latent Variables

Relationship between indicators and latent variables	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T Statistics (O/STDEV)	P values	Decision
Business Owner Support → The Implementation of Digital Accounting System	0.956	0.956	0.014	68.260	0.000	H2 Accepted
Moderation Effect → The Implementation of Digital Accounting System	0.058	0.057	0.024	2.446	0.015	H3 Accepted
Company Size → The Implementation of Digital Accounting System	0.011	0.013	0.028	0.374	0.708	H1 Rejected

3.2 Discussion

Based on the calculation results for the first hypothesis, it can be explained that the regression coefficient is 0.011 with a significance level of $t = 0.708 > \alpha = 0.05$, so H0 is accepted and H1 is rejected, so company size does not affect the implementation of the digital accounting system. This is in line with research conducted by Anggraini &

Thorp, 2020; Binha et al., 2020; Dewi & Herawati, 2023; Febriyanti et al., 2017; Pramesti et al., 2019; Umami & Kaukab, 2020). Larger companies will need detailed information to make the right decisions, but due to the rapid development of information, many digital accounting recording applications can help with recording and decision-making, even relatively small companies can more easily record their financial transactions.

The calculation results for the second hypothesis can be explained that the regression coefficient is 0.956 with a significance level of $t = 0.000 < \alpha = 0.05$, so H_0 is rejected and H_2 is accepted, so that business owner support has a positive and significant effect on the implementation of the digital accounting system. This is in line with research conducted by Anggadini (2015), Aulia et al. (2021), Kubota & Okuda (2023), Ladewi & Nurhayati (2015), Lutfi et al. (2022). These results support Stakeholder Theory where there is a relationship between interested parties who influence each other within the company.

The calculation results for the third hypothesis can be explained that the regression coefficient is 0.058 with a significance level of $t = 0.015 < \alpha = 0.05$, so H_0 is rejected and H_3 is accepted, so business owner support is a moderating variable. By paying attention to the direct influence of the moderating variable business owner support and its interaction, it can be concluded that the regression coefficient of business owner support is significant at 0.0956 and the regression coefficient for the interaction of business owner support and company size is significant at 0.058, so the type of moderation that occurs is Pseudo Moderation (Quasi Moderator). Furthermore, it can be said that the moderating variable of business owner support can strengthen the influence of business size on the implementation of digital accounting systems.

4 Conclusion

Based on the research results above, it can be concluded that company size has a positive but not significant effect on the implementation of digital accounting systems. The greater the support from business owners, the better the implementation of the digital accounting system, and the support from business owners will strengthen the relationship between company size and the implementation of digital accounting systems in MSME.

References

- Aditiya, R. (2022). Determinan penggunaan informasi akuntansi bagi manajemen Usaha Mikro Kecil Menengah (UMKM). *Jurnal AKMAMI (Akutansi, Manajemen, Ekonomi)*, 3(3), 627–641.
- Anggadini, S. D. (2015). The effect of top management support and internal control of the accounting information systems quality and its implications on the accounting information quality. *Information Management and Business Review*, 7(3).

- Anggraini, D., & Thorp, J. D. (2020). Pengaruh pendidikan, ukuran usaha, dan lama usaha terhadap penggunaan informasi akuntansi. *Management & Accounting Expose e-ISSN*, 3(1). <http://jurnal.usahid.ac.id/index.php/accounting>.
- Aulia, S., Fitrius, R., & Putra, A. A. (2021). Kesuksesan sistem informasi akuntansi: Dukungan manajemen puncak dan kemampuan sumber daya manusia. *Jurnal Akuntansi*, 10(2), 2301–4075. <http://ejournal.stiemj.ac.id/index.php/akuntansi415>.
- Binha, V. T. T., Tranb, N. M., Thanhc, D. M., & Phamd, H. H. (2020). Firm size, business sector and quality of accounting information systems: Evidence from Vietnam. *Accounting*, 6(3), 327–334. <https://doi.org/10.5267/j.ac.2020.2.002>.
- Dewi, N. P. E. Y. S., & Herawati, N. T. (2023). Faktor-faktor yang mempengaruhi kinerja sistem informasi akuntansi pada Lembaga Perkreditan Desa (LPD) di Kecamatan Kubu. *Vokasi: Jurnal Riset Akuntansi*, 12(3), 160–168.
- Febriyanti, A. T. F., Puspitaningtyas, Z., & Prakoso, A. (2017). Pengaruh tingkat pendidikan pemilik, skala usaha, umur usaha terhadap pemanfaatan informasi keuangan. *Jurnal Buletin Studi Ekonomi*, 22(1), 100–112.
- Gustia, M. R., & Choirunnisak, F. (2022). Analisis pemahaman pencatatan keuangan bagi pelaku usaha mikro kecil usaha kuliner mitra Indomaret pada Kecamatan Ilir Timur I Kota Palembang. *Jurnal Ilmiah Mahasiswa Perbankan Syariah*, 2(2), 285–298. <https://doi.org/10.36908/jimpa>.
- Harahap, N. H., & Harahap, R. D. (2022). Analisis penggunaan sistem informasi akuntansi terhadap keberhasilan usaha kecil menengah yang terdaftar di Dinas Koperasi UKM Mandailing Natal. *Jurnal Ilmiah Multidisiplin*, 1(12), 4412–2219.
- Kubota, T., & Okuda, S. (2023). Relationship between top managers' interest in accounting information and accounting practices in startups. *International Journal of Accounting Information Systems*, 51. <https://doi.org/10.1016/j.accinf.2023.100640>.
- Ladewi, Y., & Nurhayati, N. (2015). The Influence of personal information system capabilities, top management support. training and education program performance of accounting information systems implications the quality of accounting information in the Province of Islamic Banks of West Java. *Research Journal of Finance and Accounting ISSN*, 6(3).
- Lutfi, A., Alkelani, S. N., Al-Khasawneh, M. A., Alshira'h, A. F., Alshirah, M. H., Almaiah, M. A., Alrawad, M., Alysyouf, A., Saad, M., & Ibrahim, N. (2022). Influence of digital accounting system usage on SMEs performance: The moderating effect of COVID-19. *Sustainability (Switzerland)*, 14(22). <https://doi.org/10.3390/su142215048>.
- Miftah, M., & Sukmawati, F. (2020). Digitalisasi akuntansi pengelolaan keuangan dengan metode accrual basis pada Klinik As Shifa Kendal. *Jurnal Ilmiah Komputer Akuntansi*, 13(1), 47–62. <https://doi.org/https://doi.org/10.51903/kompak.v13i1.156>.
- Pramesti, I. G. A. A., Kepramareni, P., & Juliatmika, I. N. A. (2019). Faktor-faktor yang mempengaruhi penggunaan informasi akuntansi pada UMKM di Kecamatan Abiansemal. *Accounting Profession Journal (ApaJi)*, 1(1), 1–8.
- Ramadhani, F. R., Lestari, P., & Supeno, S. (2018). Pengaruh pendidikan pemilik, masa memimpin, umur perusahaan, pelatihan akuntansi, dan ekspektasi kinerja terhadap penggunaan informasi akuntansi pada UKM di Kabupaten Malang. *Soedirman Accounting Review*, 3(1), 86–99.

- Sulistiyowati, Y., & As'adi. (2023). Pengaruh penggunaan teknologi akuntansi terhadap efisiensi pengelolaan keuangan UMKM di Kota Malang. *Journal Perdagangan Industri dan Moneter*, 11(1), 1–10.
- Umami, L., & Kaukab, M. E. (2020). penggunaan informasi akuntansi pada UMKM industri batik. *Journal of Economic, Business and Engineering (JEBE)*, 2(1), 66–75.

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

