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THE INFLUENCE OF ACCOUNTING INFORMATION SYSTEM ON QUALITY OF FINANCIAL INFORMATION ON MICRO SMALL AND MEDIUM ENTERPRISES IN THE CIMAHI CITY

Ely Suhayati*

Abstract: *Information system is an integral part of an organization that is built by manager to serve the interests of a business. Organization shall be open to a technology to run the activities of the business, such as in implementing the software to produce financial information that is useful for decision making. As for the problems that occur in Cimahi is not all SMEs use the software optimally in carrying out daily activities and there has not been done separation of duties between the owners and the managers so that the financial information which is resulted has not been maximized. The aim of this study is to determine the influence of Accounting Information System to Quality Financial Information in Small and Medium Micro Enterprises in Cimahi City. The method which is used in this study is descriptive verification, from a population of 71 samples it was taken 25 SMEs business units, for the verification method it was tested using Path Analysis. The results of this study show there is influence of Accounting Information System to Quality Financial Information in Small and Medium Micro Enterprises in Cimahi of 13.4%.*

Keywords: *Accounting Information System, Quality Financial Information.*

I. INTRODUCTION

The Inflation which happens in Indonesia causes many businessmen to be out of business. Among of them, there are businessman who can survive, even at least they are able to cope with unemployment, they are Small and Medium Micro Enterprises or abbreviated SMEs, until this time the SMEs businessmen are still able to survive, because they can make flexible innovations, to make SMEs can survive and can develop from time to time, an activity must be organized and coordinated through business process which refers to logical tasks and behaviour (Laudon and Laudon, 2012: 11).

Information System is an integral part of organization, information systems and organizations influence each other, information system is built by manager to

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serve the interests of business, at the same time organization must be open on the influence of information systems to get the benefit from new technology (Laudon and Laudon, 2012 : 81), as in running the activities, SMEs use software to produce an information.

Accounting is the language of business. Every organization uses it as a language of communication when it is doing business, such as during an exchange of goods with a sum of money, because the output of accounting is financial information that is needed by an organization, including SMEs. For SMEs, accounting information system is built with the main aim to process financial data from various sources into the accounting information which is needed by various users. Information user can be derived from the internal and external of organizations. The functions of accounting information system that is used areto achieve the goal of:

1. To Support the Daily Activities of SMEs

In order to SMEs are still exist, SMEs must continue to operate in a number of business activities whose event is said as a transaction which eventually became accounting information.

Accounting transactions generate accounting data to be processed by the transaction processing system which is a sub of accounting information systems, there are two ways of transactions data processing, either by manual or using a computer

2. To Supports Decision-making Process

Accounting information which is generated can be used as a tool to take a decision

3. To Assist Company Managers in Meeting their Responsibilities to External Parties

Many organizations do not realize that data security is essential for the survival of the organizations.Hardware provides an opportunity for organizations to assist management in controlling it's organization business, because of that is the main purpose of Accounting Information System (Marshall and Paul, 2011: 227-228). One factor to produce quality financial information is through accounting information system, of which quality information is generated from quality input, process and output as well. These three aspects must be integrated and sustainable to produce quality information. Quality information is the criteria for useful information for decision-making, so that when the characteristics of quality information (relevant, accurate, complete and timely (Mc. Leod, 2007: 43) are not met, then the accounting information becomes useless (Kieso *et al*, 2007: 41).

A phenomenon that occurs in Cimahi City SMEs is not all businessmen optimize Information of Technology in the organization, such as human resources in the SMEs are not optimal in using existing software such as Excel, so that the process of making financial statements is not optimal, besides there is not any segregation of duties according to its portion (Widodo, 2015), so it is not able to provide accounting information quickly (RizkiRudianto and Sylvia Veronica Siregar, 2012). Based on the description above, the author is interested in doing some research on the topic which is entitled The Influence of Accounting Information Systems to Quality Financial Information on Small and Medium Micro Enterprises in Cimahi City.

I. LITERATURE REVIEW

The Literatures that will be examined in this study are Accounting Information Systems and Quality Financial Information.

Accounting Information System

James A. Hall (2008, 8 and 10) states:

"Accounting Information System is subsystems process financial transactions and non financial transactions that directly affect the processing of financial transactions". The Accounting Information System is composed of three major subsystems:

1. Transaction Processing System (TPS) is central to the overall function of the informationsystem by converting economic events into financial transactions, recording financial transactions in the accounting records (journals and ledgers), and distributing essential financial information to operations personnel to support their daily operations. The transaction processing system deals with business events that occur frequently. In a given day, a firm may process thousands of transactions. To deal efficiently with such volume, similar types of transactions are grouped together into transaction cycles. The Transaction Processing Systemconsists of three transaction cycles: the revenue cycle, the expenditure cycle, and the conversion cycle.
2. The General Ledger System (GLS) and The Financial Reporting System (FRS) are two closely related subsystems. However, because of their operational interdependency, they are generally viewed as a single integrated system - the GL/FRS. The bulk of the input to the GL portion of the system comes from the transaction cycles. Summaries of transaction cycle activity are processed by the GLS to update the general ledger control accounts.

Other, less frequent events, such as stock transactions, mergers, and law suit settlements, for which there may be no formal processing cycle in place, also enter the General Ledger System through alternate sources. The financial reporting system measures and reports the status of financial resources and the changes in those resources. The Financial Reporting System communicates this information primarily to external users. This type of reporting is called non discretionary because the organization has few or no choices in the information it provides. Much of this information consists of traditional financial statements, tax returns, and other legal documents.

3. The Management Reporting System (MRS) provides the internal financial information needed to manage a business. Managers must deal immediately with many day-to-day business problems, as well as plan and control their operations. Managers require different information for the various kinds of decisions they must make. Typical reports produced by the Management Reporting System include budgets, variance reports, cost-volume-profit analyses, and reports using current (rather than historical) cost data. This type of reporting is called discretionary reporting because the organization can choose what information to report and how to present it.

From the statement above, accounting information system consists of *Transaction Processing System, The General Ledger System and The Financial Reporting System and The Management Reporting System.*

Quality Financial Information

The criteria for quality financial information is the information must be relevant, accurate, complete and timely (Mc.Leod, 2007: 35). It can be explained that the relevant information is the information that is able to make a change in the decision making according to the user purpose (Obaidat *et al.*, 2007: 27). Relevant information is also the information that can significantly influence decision making (Moehrle and Moehrle, 2008: 6). Relevant information is also the information that has relevance if it relates to the problems which are being faced by users (McLeod, 2007: 43). While Kieso *et al.* (2007: 43) affirms that the relevant information should have predictive value in the future (*predictive value*), and has feedback value (*feedback value*).

Another criterion of quality information is the information must be accurate. Accurate information is the information that has sufficient level of precision and closer to actual reality (*reality*) (Eppler, 2003: 68). The level of precision that is 'sufficient' is closer to reality due to the features that contribute to the level of

accuracy that will add costs because users are often forced to accept the accuracy less than rate of 100% (Mc.Leod, 2007: 43).

Detailed information is the information that includes all the required information which is presented accurately (Moehrle and Moehrle, 2008: 8). Complete in the sense that there is no significant omission of information or no information which is not included that would cause information to be misleading (Moehrle and Moehrle, 2008: 8). However, the information which is provided does not overload that can provide harm to users, complete information is if it has the proper aggregation and supports all decision areas that will be taken (Mc.Leod, 2007: 43).

Timely accounting information relate to the availability of information disclosure when it needs to make useful decisions (Beest *et al*, 2009: 16). It is explained further by Mc.Leod (2007: 43) that information should be available for decision making prior poor situation is developed or loss of opportunity, so that the information which is obtained after the decision has been taken it will not have beneficial value. Affirmed by Moehrle and Moehrle (2008: 8) that they said it is timely information when user receives the information over the time that it takes then the information which is provided is not useful if it is received and processed in time then it can increase the usefulness of the information.

Quality financial information is a criterion of useful information for decision-making, so that when the characteristics of quality financial information (relevant, accurate, complete and timely (Mc. Leod, 2007: 43)) are not met, then the accounting information becomes useless (Kieso *et al* 2007: 41). Hery (2012: 35), states that information will be considered qualified (useful) if the information is easily understood by users or decision-makers.

From some of the above underst and ing it can be concluded that quality financial information has 4 identifies the information that is relevant, accurate, complete and timely.

II. RESEARCH MODEL

In facing of very strict competition, SMEs have to innovate in order to survive, which up to now SMEs are able to lift the people's economy. The issues on SMEs in Cimahi City are there are not all businessmen optimize the software and there are not segregation of duties between the owners and managers in organization. Quality information is the useful criteria information for decision-making, so that when the characteristics of quality information (relevant, accurate, complete and timely (Mc. Leod, 2007: 43)) are not met, then the accounting information becomes useless (Kieso *et al* 2007: 41).

Quality accounting information is one of the competitive advantages which refer to the use of information to gain *leverage* in the industrial market competitiveness (Mc. Leod, 2007: 34). The competitive advantage here is the superior organization in decision-making than its competitors through the information system applied (Laudon and Laudon, 2012: 14). Quality accounting information is used to assist the users of information in making useful decisions (*usefulness decisions*).

Besides the other problems are they do not perform segregation of duties based on its portion, there is lot of responsibility authorization of some work which is done by one person, namely by the owner of the company, it makes control in the business become weak (Widodo, 2015). Management in giving authority and responsibility to employees must demonstrate the existence of a clear separation between the authority and responsibility which are assigned to a person and the other (Azhar Susanto, 2008: 102).

Based on the framework description above, the better accounting information system is, it will produce more qualified financial information which means qualified financial information is resulted from optimal accounting information system (Azhar Susanto, 2008: 11).

The hypothesis in this study is Accounting Information Systems Influence Quality Financial Information.

METHODOLOGY

The methodology in this study is *Descriptive Verifikatif* with survey approach, through a hypothesis testing of *path analysis* as a tool in making conclusions. The unit of analysis in this study is SMEs in Cimahi City. The total population in this study is 71 SMEs with the criteria the ones that use Microsoft Excel which are listed at the Department of Industry and Agriculture Cooperative, while the sampling is done by using *probability* it means that it is given the same opportunities for every population member to be elected, the technique sampling which is used is *R and om sampling*, the number of samples in this study are 25 SMEs.

Variable Operationalization

Operationalization of variables is needed to determine the type, indicators, as well as the scale of the variables which are involved in the study, so that hypothesis testing with statistical tools can be carried out correctly. The operationalization of variables in this study is:

1. Accounting Information System

Accounting information system is measured by 3 dimensions Transaction Processing System, The general Ledger System and The Financial Reporting System and The Management Reporting System.

2. *Financial Information Quality*

Quality financial information is measured by 4 dimensions namely accurate, relevant, complete and timely. To assess each dimension,the author uses an ideal value percentage score with total score.

III. DATA ANALYSIS

Validity Test

Based on the results of data processing using SPSS *software*, the results of the validity testing in detail is described in the following table below:

Table 6.1
Calculation Results of Validity Coefficient to Accounting Information Systems Variable (X_1)

No. Pertanyaan	*KoefisienValiditas*	*NilaiKritis*	*Keterangan*
P.1	0,720	0,3	Valid
P.2	0,537	0,3	Valid
P.3	0,795	0,3	Valid
P.4	0,805	0,3	Valid
P.5	0,700	0,3	Valid
P.6	0,694	0,3	Valid

Source: Results of data processing, 2015

In the table above, it appears that all of the questions which are related to accounting information system has a validity coefficient greater than 0.3, so that the entire question instrument is declared *valid.*

Table 6.2
Calculation Results of Validity Coefficient to Quality Financial Information Variable (Y)

No. Pertanyaan	*KoefisienValiditas*	*NilaiKritis*	*Keterangan*
P.1	0,622	0,3	Valid
P.2	0,774	0,3	Valid
P.3	0,655	0,3	Valid
P.4	0,538	0,3	Valid
P.5	0,790	0,3	Valid
P.6	0,868	0,3	Valid
P.7	0,774	0,3	Valid
P.8	0,477	0,3	Valid

Source: Results of data processing, 2015

In the table above, it looks that all of the questions which relates to Quality Financial Information has validity coefficient value greater than 0.3, so that the entire question instrument is declared valid.

From the two tables it is known that these two variables are all valid because the validity coefficient value is greater than the critical value. The validity test results show that each statement is valid and right/able to measure each indicator, so it is able to achieve the purpose of measurement (generate data) for each of the latent variables in this research.

Reliability Test

In addition to a valid measurement instrument it must also have reliability. A measuring instrument can be said to be reliable if the instrument is used repeatedly it will give relatively similar results (no far different) .Reliability test is intended to test the consistency level of research measuring instrument. In this research, to test the consistency of research measuring instrument, it is used *Split Half* method. Reliability coefficient calculation results for each variable can be seen in the following table:

Table 6.3
Reliability Coefficient Calculation Results

Variable	*Split Half*	*Critical Value*	*Description*
Accounting Information System (*X*)	0.826	0.7	Reliable
Quality Financial Information (*Y*)	0.851	0.7	Reliable

Source: Results of data processing of measuring instrument test, 2015

In the table above, we can see both the variables which are used have the reliability coefficient values greater than 0.7, so it can be concluded that the measuring instruments which are used or (questionnaire) is stated reliable and the answers which are given by the respondents are related to the questions that is proposed as a research reference trustworthy (reliable) and can be used to collect data repeatedly in time or different respondents, so it can be said that the questionnaire can be used to collect the data to the 25 respondents in a different time.

Descriptive Analysis of Accounting Information Systems on Small and Medium Micro Enterprises in Cimahi City

Accounting Information Systems Variable on Small and Medium Micro Enterprises in CimahiCity will be revealed through the respondents' answers to the questions which are posed in the questionnaire. Accounting Information Systems is measured using three indicators, namely *Transaction Processing System*, The General Ledger System (GLS) and The Financial Reporting System (FRS) and the management reporting system and it is operationalized into 6 the questions.

To know the perception or the respondents to each indicator of Accounting Information Systems on Small and Medium Micro Enterprises in Cimahi City, the author uses the value of scores percentage. Based on the results of data processing, it is obtained a score of respondents for each indicator regarding accounting information system with the following results:

Table 6.4
Scores Recapitulation of Respondents Regarding to Accounting Information Systems on Small and Medium Micro Enterprises in Cimahi City

		Score Index			
No.	*Indicator*	*Actual*	*Ideal*	*Percentage*	*Description*
1.	Transaction Processing System	203	250	81.20%	Good
2.	General cycle	214	250	85.60%	Good
3.	Reporting Systems to Management	212	250	84.80%	Good
	Total	629	750	83.87%	Good

Source: Results of questionnaire data processing, 2015

Table 6.4 above explains recapitulation of respondents regarding Accounting Information Systems on Small and Medium Micro Enterprises in Cimahi city. In the table above, it can be seen that the highest percentage of 85.60% is contained in the general cycle indicator, while the lowest percentage score of 81.20% is contained in the transaction processing cycle indicator. Overall percentage score which is obtained is equal to 83.87% and it is included in the category of "good" which is in the percentage interval between "68.01% -84.00%". Based on the results of actual score there is still a gap of 16.13% (100% -83.87%), which indicates there is still a problem on Accounting Information Systems (SMEs) in Cimahi city for example user does not fully underst and the transaction processing system because he does not have the knowledge background of accounting so that he needs training which is related to the use of software on quality financial information.

Descriptive Analysis of Quality Financial Information Variable on Small and Medium Micro Enterprises in Cimahi City

Variable Quality Financial Information on Small and Medium Micro Enterprises in Cimahi City will be revealed through the respondents' answers to the questions which are posed in the questionnaire. Quality Financial Information is measured using four indicators they are accurate, relevant, complete, and timely and operationalized into 8 questions.

To know the perception or the respondents to each indicator regarding Quality Financial Information in Small and Medium Micro Enterprises in Cimahi City, the author uses the value of scores percentage. Based on the results of data processing, it is obtained a score of respondents for each indicator about quality financial information with the following results:

Table 6.5
Scores Recapitulation of Respondents Regarding to Quality Financial Information on Small and Medium Micro Enterprises in Cimahi City

No.	Indicator	Score Index			
		Actual	*Ideal*	*Percentage*	*Description*
1.	Accurate	165	250	66.00%	Enough
2.	Relevant	152	250	60.80%	Enough
3.	Complete	201	250	80.40%	Good
4.	Timely	160	250	64.00%	Enough
	Total	678	1000	67.80%	Enough

Source: Results of questionnaire data processing, 2015

The table above describes the recapitulation of respondents regarding Accounting Information Systems In Small and Medium Micro Enterprises in Cimahi City. In the table above, it can be seen that the highest percentage of 80.40% is contained in the full indicator, while the lowest percentage score of 60.80% is contained in the relevant indicator. The overall percentage score which is obtained is 67.80% and it is included in the category of "enough" which is in the percentage interval between "52.01% -68.00%". Based on the results of actual score, there is still a gap of 32.20% (100% -67.80%), which indicates there is still a problem in Quality Financial Information (SMEs) in Cimahi City such as financial information is not relevant and timely because of there is not segregation of duties between owners and managers.

Verification Analysis

Verification analysis is used to test the proposed conceptual hypotheses based on statistical calculations. Conceptual hypothesis which is proposed is suspected there is the influence of Accounting Information Systems to produce Quality Financial Information. The statistical method which is used to test the hypothesis is *Path Analysis*. Path analysis examines causal relations that are structural from independent variable to the dependent variable by considering the relation between the independent variables.

This path analysis requires the data which is used must have minimum interval of data measurement scale. Due to the results data of questionnaires are assumed ordinal data, then prior to calculation, the ordinal data path of the analysis calculation is transformed previously into interval data using *Method of Successive Interval* (MSI) with *Excel Add-Ins STAT97* program, further there is one testing level, with the formula:

$$Y = \rho X2X1 + \varepsilon 1$$

Description:

Y = Quality Financial Information

X = Accounting Information Systems

$\rho X2X1$ = Path coefficient of Accounting Information Systems to Quality Financial Information

$\varepsilon 1,2$ = Epsilon (influence of other factors)

IV. DISCUSSION

TheInfluence of Accounting Information Systems to Quality Financial Information

1. Correlation Coefficient

According to the research hypothesis which is proposed, then the data will be tested using *path analysis,* by calculating the correlation coefficient between the two variables that are being studied. Then the value of the correlation coefficient which is obtained is consulted to correlation coefficient interpretation table below:

Table 6.6
The level of Correlation Closeness

0 – 0.20	Very Low (almost no correlation)
0.21 – 0.40	Weak correlation
0.41 – 0.60	Medium correlation
0.61 – 0.80	High enough
0.81 – 1	High correlation

Source: UmiNarimawati (2010:50)

The variables in this study are Accounting Information System (X) and Quality Financial Information (Y) the correlation coefficient between the two variables are calculated using *Pearson* correlation formula, with the help of *SPSS v21 software* program with the following results:

Table 6.7
Correlation Between Research Variable

Correlations

		Sistem Informasi Akuntansi	Informasi Keuangan Berkualitas
SistemInformasi Akuntansi	Pearson Correlation	1	.366
	Sig. (2-tailed)		.072
	N	25	25
InformasiKeuangan Berkualitas	Pearson Correlation	.366	1
	Sig. (2-tailed)	.072	
	N	25	25

Based on SPSS output table above, it is noted that the correlation coefficient value or R that is obtained between Accounting Information Systems (*X*) with Quality Financial Information (*Y*) of 0.366. The correlation value is positive, it is weak category with intervals (0.21 to 0.40), which indicates that there is a medium positive correlation between Accounting Information Systems (*X*) to Quality Financial Information (*Y*), the better Accounting Information System is then Quality Financial Information will be generated. As to know how big the influence of Accounting Information Systems to Quality Financial Information it is used the coefficient of determination, as it is shown below:

Table 6.8
Coefficient of Determination on First Sub Structure

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.366[a]	.134	.096	4.82433

a. Predictors: (Constant), SistemInformasiAkuntansi

The coefficient of determination (*R Square*) is interpreted as the magnitude of the effect from accounting information system variable to quality financial information, so it appears that accounting information system provides the influence of 13.4% on quality financial information, while the remaining 86.6% is the influence of other factors beyond accounting information system.

Hypothesis Testing (T Test)

Partial testing is done to see more clearly the variable anywhere between two independent variables, namely accounting information system which the influence significantly impacts on quality financial information. By using SPSS program *software*, the results are as follows:

Table 6.9
***T* Test**

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	12.537	5.433		2.308	.030
	SistemInformasi Akuntansi	.541	.287	.366	1.885	.072

a. Dependent Variable: InformasiKeuanganBerkualitas

Accounting Information Systems (*X*) Variable Testing on Quality Financial Information (*Y*): H_0 (the null hypothesis

H_0: $P_{YX} = 0$ Accounting Information System does not give effect to Quality Financial Information in Small and Medium Micro Enterprises in Cimahi city

Ha: $P_{YX} \neq 0$ Accounting Information System gives effect to Quality Financial Information in Small and Medium Micro Enterprises in Cimahi city

With a significant level (α) of 5%, $df = 23$, it is obtained t_{table} test with two parties is 2.069.

Criteria: Reject H_0 *if* $t_{count} > t_{table}$ or $-t_{count} < -t_{table}$, accept H_a

Reject H_a *if* $t_{count} < t_{table}$ or $-t_{count} > -t_{table}$, accept H_0

From the SPSS output table above it is obtained that t_{count} for Accounting Information Systems (*X*) is 2.308 with t_{table} value of 2.069. Due to t_{count} is greater than t_{table} value (2.308 > 2.011) then H_0 is rejected, it means that accounting information system gives effect to Quality Financial Information on Small and Medium Micro Enterprises in Cimahi city.

V. CONCLUSIONS

Based on the research results which are conducted, it shows that the result from path coefficient value of Accounting Information Systems to Quality Financial Information is 0.366. The correlation value which is positive and weak category with 0,21-0.40 interval, it shows that between the variables of accounting information systems with variable quality financial information is in the same direction. As the more optimized accounting informationsystem is, the more qualified Financial Information on small and medium enterprises in Cimahi City will be.

The results of determination coefficient, accounting information systems affect quality Financial Information by the influence of 13.4%, which means a phenomenon that is not all businessmen optimize software they owned, it is in line with the responses that the user do not underst and transaction processing system optimally because the user does not have enough knowledge ontransactions processing so that financial information that is generated is less relevant, and then the user does not employ a special person who is skillful in the field, due to the use of computer applications is done by the business owners, so that there are limitations of business owners in the use of computer *software*, whereas in the use of software to run accounting information systems requires expertise on the use of computers, it is in line with the theory that is presented according to AzharSusanto (2008: 63) that accounting information system is basically an integration of various Transaction Processing System (SPT) that exist in the company.

If the use of computer application needs to be run by business owners, the business owners should join the training to improve their knowledge and expertise on the use of computers or the use of experts in the field. There should be segregation of duties between the owners and managers, If there is the mixture between personal property with company property, so the financial statements which is generated is irrelevant, whereas according to Hery (2012: 3), Financial Information is prepared to provide useful information for the report users (*users*), especially as a basis for consideration in decision making process, this financial information is called financial statements, information will be considered qualified (useful) if the information is easily understood by users or decision-makers. The results of this research are supported by the opinionofHalomoanOmpusunggu (2002) based on his research results it is stated that the application of the accounting information system affects the effectiveness of internal control system implementation.

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