

Analysis of factors influencing the use of accounting information by Independent Practice of Midwives in Surabaya

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Abstract

This study aims to identify the factors that influence the use of accounting information by the Independent Practice of Midwives in Surabaya. Entrepreneurial Personality, Accounting Knowledge, Business Age and the Use of Accounting Information are the variables in use. This study has 150 respondents as samples. The methods used in this study were descriptive statistical test, data quality test, classical assumption test and hypothesis testing by using multiple regression analysis. Results state that Entrepreneurial Personality influences the Use of Accounting Information by Independent Practice of Midwives in Surabaya. If a Midwife has an entrepreneurial spirit, he/she will have the orientation to persevere his/her business and maintain patients' or customers' loyalty. Accounting Knowledge influences the Use of Accounting Information by Independent Practice of Midwives in Surabaya. Midwives, as business owners, record simple financial transactions in order to analyze the monthly income, expenses and the remaining balance. Business Age does not influence Independent Practice of Midwives in the use of Accounting Information since their orientations are still limited to using profits to pay operational costs.

Keywords: Entrepreneurial Personality; Accounting Knowledge; Business Age; Use of Accounting Information; Independent Practice of Midwives

1. Background

Resilient, quality and creative human resources are needed in Indonesia to welcome the nation's future and increase confidence in work field, especially in the health sector. In less than five years, many private or State Universities provide Midwifery major, hence increasing the midwife graduates. However, the amount of midwife graduates in Surabaya in 2015 was not offset by the number of midwife vacancies and Hospitals (both State and Private). Therefore, midwives who have earned Certificate of Registration Status (abbreviated to STR in Indonesian), are able to open independent practices after fulfilling other mandatory requirements. Based on the Indonesian Health Profile 2015, there were 7,864 midwives in East Java who ran Independent practices. It was in accordance with one of the Midwifery Values

proclaimed by the Indonesian Midwives Association: entrepreneurship.

The motivation to be entrepreneurs is expected to boost midwives' welfare and women's health in Indonesia. An entrepreneur is a person who creates new business by taking risks and facing uncertainties to gain profits and its significant growth by identifying opportunities and combining his/her resources¹. Independent Practice of Midwives should at least have the expertise to provide the best services and offer innovative ideas. Independent Practice of Midwives, as an independent businessman/businesswoman in health care service, is expected to comprehend his/her business management properly, create and implement strategic plans and perform personal selling that matches with his/her profession in order to maintain business sustainability.

Business management insight for Independent Practice of Midwives is an inseparable part of accounting basics. Independent Practice of Midwives will flourish if they can utilize their useful accounting knowledge to solve problems and make financial decisions. The lack of accounting knowledge fails many small-sized businesses because of the owners' inability to maintain their businesses. The reasons for failure include unsystematic cash flow bookkeeping and unplanned supply orders and supply liability payments.

Accounting transactions generate information described as financial statements even though in a simple format. Information is data described in certain ways in order to show certain meaning to its user². Accounting information has meaning to increase trust and understanding for users and business owners. The company considers that the financial information provided by the accounting information system is required by the owner for the purposes of planning, controlling and effective use of costs for the activities carried out by the company³. Decision making to buy capital goods is one of the benchmarks to maintain business sustainability. Independent Midwives must be observant so that both operational and capital goods transactions do not harm the business.

Business Age shows that the company still exists and is able to compete with other Independent Practice of Midwives and show the company's goals⁴.

This research can be useful for the Independent Practice of Midwives' sustainability since the result of this study can be used as a reference for policy making in reducing the number of midwifery graduates who do not work as midwives for a long time. Another implication of this policy is that it can create job opportunities for midwives as well as a means to increase the insights into women's reproductive health in Indonesia.

2. Research Problem

Based on the background above, the research problem of the study is as follows:

1. Do entrepreneurial personality, accounting knowledge and business age influence the use

of accounting information by Independent Practice of Midwives in Surabaya?

3. Entrepreneurial personality

Personality is the action of each individual in their interaction with others, which is a derivative of interaction with the surroundings. An entrepreneur is a person who creates jobs by establishing, developing and institutionalizing his/her business, and is responsible for the consequences of management decisions that he/she makes. Entrepreneurs try to find business opportunities, create creative ideas and develop their business using all capabilities and potential to market their main products⁵. Entrepreneurial personality is a person's way of interacting with their surroundings by using their full creative potential to develop and maintain their business by providing the best services for their customers.

The definition of entrepreneur is a person who creates a new business by taking the risk of uncertainty in order to gain significant profits by identifying opportunities and combining the necessary resources to capitalize⁶. From the definition above, businessmen/businesswomen were surveyed and their characteristics were observed. The survey results show that:

- a. Entrepreneurs have the desire to take responsibility. An entrepreneur will not see responsibility as a burden, but a process that occurs naturally to achieve his/her goals.
- b. Entrepreneurs take medium risk, with every risk calculated and planned based on their knowledge. Although they favor high risk, more respondents take medium risk.
- c. Confidence. Entrepreneurs have high self-confidence and optimism to achieve their goals. They also think positively that their decisions tend to lead to success.
- d. Entrepreneurs try to get immediate feedback. When they make wrong decisions, they fix them immediately.
- e. Entrepreneurs have consistent energy in running a business.
- f. Entrepreneurs are forward-looking people. They have an instinct to see opportunities, thus

encouraging entrepreneurs not to dwell on the past.

- g. Entrepreneurs have organizational skills or the ability to manage an organization.
- h. Entrepreneurs see achievement as more valuable than money. They will have pride after succeeding.

The need for entrepreneurship is getting higher due to the emergence of several cases, including: (a) More competitors with distinctive advantages, (b) distrust of traditional methods in organizing an organization, (c) the decreased number of brilliant employees because they tend to be entrepreneurs. Therefore, continuous innovation is needed to maintain the business. To become an entrepreneur, one should have willingness and ability. There are several benefits of becoming an entrepreneur, among others (a) self-esteem, (b) income, (c) ideas and motivation, (d) future. Becoming an entrepreneur will increase one's self-esteem; in some cases, entrepreneurs have certain value, i.e. being able to create job opportunities. The income earned by an entrepreneur will be greater than that of an office worker, and all of it depends on ideas and motivation to create new works. A good future of entrepreneurship can be seen when they relay it to their offspring⁷.

4. Accounting knowledge

Knowledge is a clear perception of something that is seen as fact, truth or information that is maintained sustainably by civilization⁸. Knowledge is a structured science that systematically regulates one or more basic theories with a number of principles which are shown quantitatively to determine predictions and, under certain conditions, can control the future situation⁹. The obligation of each business owner is to record all of their financial transactions on daily or weekly basis in order to know how much they gain and spend in that period. Many entrepreneurs eventually shut their businesses down because they do not apply the principle of a business entity, namely the separation of owner's personal expenses and business's operational expenses as it can hamper the growth of the capital.

Meanwhile, accounting is a process of recording, grouping, and summarizing of economic events in an orderly and logical form in order to present financial

information needed for financial decision making¹⁰. Accounting activities are divided into three, among others:

- a. Identification activity
Identification of transaction that occurs in a business entity. This process will let entrepreneurs know if a transaction is an economic or non-economic transaction. For example: payment of debt, receipt of sales payment.
- b. Recording activity
Transactions identified in the first stage will be recorded chronologically and systematically with a certain measure of monetary value.
- c. Communication activity
Reporting and distribution of accounting information in the form of reports to users of financial statements to be used as the basis for decision making.

In order to assist bookkeeping and small-scale business administration, the Institute of Indonesia Chartered Accountants compiles and ratifies the Financial Accounting Standards for Micro, Small and Medium-sized Business Entities effective per January 1st, 2018. The following are the accounting elements according to SAK EMKM 2018 of Chapter 2 paragraph 2 which consists of:

- a. Asset, is the source of money controlled by the company as a result of past events and from the future economic benefits expected by the company.
- b. Liability, is the current corporate debt to arise from past events, of which the settlement is expected to result in outflows from company data sources that contain economic benefits.
- c. Equity, is the residual right on the company's activities after deducted by liabilities.

The Financial Report should contain Financial Position Report at the end of the period, Profit and Loss Statement during the period and Notes containing the additions and details of certain relevant posts. Accounting knowledge is a perception seen as facts, truth, or information about the process of recording, grouping, and summarizing systematic and logical economic events in order to present financial information for decision making. The benefits of accounting knowledge for companies are to discover the amount of capital owned by the

company, business development, as the basis for calculating taxes, as one of the considerations for credit card application to the bank and as the basis for decision making¹¹.

5. The use of accounting information

Accounting produces information presented in the form of financial statements. Information will be meaningful if it can increase the knowledge and beliefs of users in making decisions². Accounting information can be divided into financial accounting information and management accounting information. Financial accounting information is information that presents a company's financial position report used by another entity for investment purposes. Meanwhile, management accounting information is financial information made for the benefit of company management. Management accounting information consists of various reports such as budget, sales reports, reports on production costs, and others¹². Aprilawati and Hastuti explained that the lack of accounting information in corporate management could endanger small companies¹³. Furthermore, they stated that the deteriorating financial condition and lack of accounting records would limit access to the information needed, which would cause company failure.

Accounting information is considered as quantitative information from an entity prepared in accordance with a set of rules or standards. The scope of accounting information includes quantitative information about information on entity wealth, liquidity, information regarding the distribution of additional values among stakeholders, and a large amount of information relating to the economy in the company. Basically, accounting information is financial in nature and is used for the purpose of making decisions as well as monitoring and implementing these decisions.

Belkaoui defined accounting information as quantitative information about economic entities that are useful for economic decision making in determining choices among action alternatives¹⁰. The use of accounting information is for strategic planning, management supervision and operational supervision. Classification of accounting information is divided into three different types according to its benefits for users, which are (a) statutory accounting

information, which is information that must be prepared in accordance with existing regulations, (b) budgetary information, namely accounting information presented in the form of useful budget for internal parties in planning, assessing and making decisions and (c) additional accounting information, namely other accounting information prepared by the company to increase the effectiveness of the manager's decision-making process. The information system owned by a company provides information to both inside and outside the company. This information is generated from an information system consisting of accounting information systems, management information systems, decision support systems, executive information systems, and expert systems. Management information system in a company, based on its function, consists of a marketing information system, manufacturing information system, human resource information system, and financial information system. The accounting information system consists of a financial accounting system and a management accounting system.

6. Business age

The age of the company is very influential on the accounting information preparation. Holmes and Nicholls showed that the provision of accounting information is influenced by business age¹⁴. The results of the study stated that companies running for 10 years or less provide more statutory accounting information, budget accounting information, and additional accounting information to be used in decision making, in contrast to companies running for 11-20 years. The study also stated that the younger the age of the company, the more the tendency to express extensive accounting information for the purpose of decision making compared to the older companies. Company and industry factors are specifically explaining variations in small companies' growth¹⁵.

7. Hypotheses

H1: Entrepreneurial Personality influences the Use of Accounting Information

H2: Accounting Information influences the Use of Accounting Knowledge

H3: Business Age influences the use of Accounting Information

8. Sampling technique

The population in this study were all Independent Practice of Midwives in Surabaya who are members of the Indonesian Midwives Association (IBI) of Surabaya Branch. The sampling technique was carried out using purposive sampling method with the following criteria: (a) The number of Independent Practice of Midwives who are not members of the IBI Surabaya Branch (*Bidan Delima*), (b) The number of Independent Practice of Midwives operating less than 5 years. Therefore, the number of Independent Practice of Midwives taken as samples was 150 Independent Practice of Midwives.

9. Variables of the study

Variables used in this study include: (a) Independent Variables, i.e. Entrepreneurial Personality (X1), Accounting Knowledge (X2), Period of Leadership (X3), and (b) the dependent variable, i.e. the Use of Accounting Information (Y).

10. Operational definitions

- a. Entrepreneurial Personality (X1), is a method used by individuals to interact with the surroundings with full potential to see opportunities and develop businesses that have added value. This question was developed by the questions adopted by Steers and Braunstein (1976) which include planning, task completion, personal ability, performance improvement and risk selection. This measurement used a Likert scale of 1 to 5. Value 1 for Strongly Disagree, Value 2 for Disagree, Value 3 for Neutral, Value 4 for Agree, Value 5 for Strongly Agree.
- b. Accounting Knowledge (X2), is information about the economic conditions of an entity that is used as the basis for economic decision making in which the process is carried out in several stages, including identification of transactions, recording of transactions and communication with parties of interest. This measurement used a Likert scale of 1 to 5. Value 1 for Very Not Understanding, Value 2

for Not Understanding, Value 3 for Doubtful Doubt, Value 4 for Understanding, Value 5 for Very Understanding.

- c. Business Age is how long the Independent Practice of Midwives business operates until the current research year (2018). This measurement used a Likert scale of 1 to 5. A value of 1 for the business age of 0-5 years, a value of 2 for business age of 5-10 years, a value of 3 for a business age of 10-15 years, a value of 4 for 15-20 years of business age, and a value of 5 for a business age of 20-25 years.
- d. The use of accounting information (Y) consists of 3 measurements, namely the use of operational information, the use of management information and the use of accounting information. This measurement used a Likert scale of 1 to 5. Value 1 for Never, Rarely, Sometimes, Often, Very Often.

11. Analysis and discussion

Based on the results of the F test, the sig. is in the amount of 0.015 below the significance level of $\alpha = 5\%$, meaning that Entrepreneurial Personality, Accounting Knowledge and Business Age influence jointly on the Use of Accounting Information. The Independent Practice of Midwives must have a vision and mission ahead by upholding the principles of business continuity, striving to increase income every month and innovating to maintain the loyalty of customers and patients. Entrepreneurial personality possessed by each person considers the industrial environment and scope of work, so that it can survive in current business competition¹⁶. Good Accounting Knowledge is owned by Independent Practice of Midwives to support the use of accounting information for economic decision making. Basic accounting knowledge is used to help classify income and expenses for each financial transaction. Recording vaccine supplies and contraceptives are based on their expiration date. Inventory with earlier expiration date will be used first. The recording uses the FIFO (First In First Out) method. The recording of each Independent Practice of Midwives financial transaction is done in a simple way with a cash basis. Purchasing equipment to support the operations of the Independent Practice of Midwives is carried out if there is a surplus fund after all operational costs are covered. Independent Practice of Midwives who have

a business age less than 5 years are still oriented to large profits to develop business.

Entrepreneurial personality influences the Use of Accounting Information with a sig. value of 0.035 below its significance level of $\alpha = 5\%$. The Independent Practice of Midwives have an achievement and income enhancement orientation, are responsible for all of their activities, and have broad insight into the dynamics occurring in their environment. The results of this study are in line with Kristanti¹⁷ and Sari and Dwiranda¹⁸, that entrepreneurs have a risk-taker spirit for every decision related to business sustainability, but cannot be separated from in-depth analysis based on financial information during the current year.

Accounting knowledge affects the use of accounting information with a sig. value of 0.023 below its significance level of $\alpha = 5\%$. This research is in line with Linawati and Restuti¹⁹ that the better the Accounting Knowledge of an Entrepreneur, the better they are in using Accounting Information. Respondents in this study are Independent Practice of Midwives who understand the recording of each financial transaction by summarizing into expenditure items such as salary costs, purchasing supplies (e.g. contraceptive drugs, contraceptives, contraceptive vaccines, blood pressure tension, dopplers to listen to baby's heartbeat, etc.) Recording is done in a simple way through 2 channels, i.e. debit and credit. If it is recorded on the Debit Position, it is the financial income and when recorded in the Credit position, it is the financial expenses. An example of good understanding of accounting as the basis for using accounting information is to know that purchasing the stock of the best contraceptive drugs in its class (for example: Yas) requires 3 times the capital of ordinary contraceptive drugs (for example: Andalan).

Business Age does not affect the Use of Accounting Information in Independent Practice of Midwives in Surabaya with sig. value of 0.155 above the significance level of $\alpha = 5\%$. Owners of Independent Practice of Midwives who have less than 5 years or more than 25 years of business age only focus on how to get profits to cover day-to-day operations, such as paying salaries of midwife assistants and purchasing drug supplies. Survival or

going concern becomes the main focus in maintaining the business amid competition and business innovation in the midwifery world²⁰.

12. Conclusions

Based on the discussion above, the researchers conclude that:

1. Entrepreneurial Personality influences the Use of Accounting Information for Independent Practice of Midwives in Surabaya. If the Midwife has an entrepreneurial spirit, then she has an orientation to maintain her business, increase her income and maintain the loyalty of patients or customers.
2. Accounting Knowledge influences the use of accounting information for Independent Practice of Midwives in Surabaya. Midwives as business owners simply record financial transactions, so they can analyze the monthly income, expenses and remaining balance. The remaining balance is used to buy equipment that supports the business, such as a blood pressure device and doppler (to listen to the baby's heartbeat).
3. Business Age does not affect Independent Practice of Midwives in the use of Accounting Information because their orientation is still limited to the benefits used to cover operational costs.

13. Suggestions

1. It is necessary to foster the entrepreneurial spirit of Independent Practice of Midwives so that graduates do not switch professions and more Independent Practice of Midwives businesses will survive, which creates more opportunities for graduates who want to do internships and focus on midwifery.
2. It is necessary for Independent Practice of Midwives who will start and already have businesses to understand the importance of accounting to help their business develop, especially for performance analysis for one financial year.

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Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	UU, PA, KW ^a		. Enter

a. All requested variables entered.

b. Dependent Variable: PIA

Model Summary^b

Model	R	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.263 ^a	.069	.59762	1.372

a. Predictors: (Constant), UU, PA, KW

b. Dependent Variable: PIA

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.869	3	1.290	3.611	.015 ^a
Residual	52.144	146	.357		
Total	56.013	149			

a. Predictors: (Constant), UU, PA, KW

b. Dependent Variable: PIA

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.167	.625		3.466	.001
KW	.164	.142	.199	2.156	.035
PA	.199	.086	.184	2.306	.023
UU	-.060	.042	-.123	-1.431	.155

a. Dependent Variable: PIA

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.7367	3.5496	3.2150	.16114	150
Residual	-1.42215	1.18623	.00000	.59157	150
Std. Predicted Value	-2.968	2.076	.000	1.000	150
Std. Residual	-2.380	1.985	.000	.990	150

a. Dependent Variable: PIA

