

The Roles of Financial Reporting and Self-Concept of Cooperative's Managers in Using Accounting Information

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ABSTRACT

A lot of cooperatives do not use adequate accounting information in preparation of financial reporting. Lack of knowledge and understanding in accounting principles, also a low level of self-concept of the employees are the possible main reasons behind it. Thus, this study aims to find evidence on the effect of accounting knowledge and self-concept of cooperative managers on the use of accounting information. The object of this research is the managers of the cooperative members Dekopinda in North Jakarta, which consists of 100 respondents from 49 cooperatives. The methods of this research are field survey and data analysis using validity test, reliability, classical assumption and regression test. The test results show that all the data pass the validity, reliability and classical assumption test. F test results show the number 0.001, t-test results for accounting knowledge variables obtained 0.023 and self-concept 0.031. This study concludes that there is sufficient evidence that accounting knowledge and self-concept of cooperative managers have a positive effect on the use of accounting information.

Keywords: Accounting Knowledge, Self-Concept, Use of Accounting Information.

1. INTRODUCTION

Small and Medium Entities (SME) take an enormous role and contribution to Indonesian economy, not only in the absorption of workers which exceeds 90%, but also its contribution to Indonesia's GDP which is more than 50% (Ministry of Cooperatives and SMEs, 2012). SME is seen as an economic player which is quite flexible in adjusting to the various change in business environment, so as to remain able to contribute positively to the economy of the country. However, they will be able to contribute more to the country if the SMEs could tackle the problem they face. One of the obstacles in managing SME lies in utilizing accounting information in various business decision making (Linawati & Restuti, 2015). SMEs are having difficulties to develop the business, which mainly caused by the managers are having low levels of education, business training, managerial experience, lack of understanding of information technology and lack of reliability characteristics of financial statements.

According to Pinasti (2007), most people who work in SME do not have accounting knowledge and many of them do not see the importance of bookkeeping in the going concern of the entity. It contradicts to the assumption that accounting information is necessary for decision making. Kreitner and Kinicki (2001) in Linawati and Restuti (2015) state that one's knowledge will influence his or her behavior and decisions. Therefore, in order to encourage SME entrepreneurs to utilize

accounting information, it is necessary to improve their knowledge in the accounting itself. Hence, this research is important to gather evidence on the effect of accounting knowledge and self-concept of cooperative managers on the use of accounting information.

2. LITERATURE REVIEW

2.1. Cooperative

According to Law No. 17 of 2012 on cooperatives, a cooperative is defined as a legal entity established by individuals which gain its capital from contribution of the members' personal assets and to serve the purpose of fulfilling the shared aspirations and needs in the economic, social, and cultural values of the members in accordance with the values and principles of the cooperative. In other way, cooperatives can be defined as democratic organizations which are established for the members, from the members, and by the members. This study defines the meaning of cooperation that is contained in the cooperative from the branch of applied economics. The International Cooperatives Alliance has adopted seven cooperative principles accepted by cooperatives around the world as basic principles for establishing cooperatives. Cooperatives put these values into their practices. The seven principles of the cooperative are: (1) membership is voluntary and open, (2) the management is democratic, (3) requires economic participation of members, (4) autonomy and independence, (5) education, training and information, (6) cooperation between cooperatives and (7) concern for society (Huang, Zazale, Othman, Aris & Ariff; 2015). The principle of cooperative is a characteristic or identity of a cooperative in Indonesia described in Law No. 2 of 1995, namely membership is voluntary and open, the management is done democratically, the distribution of the rest of the business is done fairly in proportion to the number of business services of each member, independence, cooperative education, and cooperation among cooperatives (Sitio & Tamba, 2001).

2.2. Accounting Information

Accounting information is disclosed in the annual financial statements in the form of information related to financial statements and non-financial information. Social reporting and accounting are one of the social accounting methods applied to organizations, engaged in commercial and social activities. The purpose of social reporting and accounting is to bring about the general knowledge of how far an organization has carried out its responsibilities to society and to make an assessment of the social performance of an organization (Karthikeyan, 2015). Social accounting and reporting consider the relationship of organizational activities in relation to employees, communities, and customers in the context of social considerations. As part of the adaptive nature of the cooperative, there should be a mechanism that can continuously assess the performance at any given time.

The purpose of the cooperative financial statements is to provide useful information for the main users and other users. Some of the information that can be obtained from the financial statements of cooperatives are as follows (Sitio & Tamba, 2001):

- a. Benefits gained after becoming a cooperative member.
- b. Financial performance of cooperatives during a period.
- c. Transactions, events, and circumstances that change the economic resources, liabilities, and net worth in a period. Transactions related to members are separated by non-members.
- d. Other important information that may affect the liquidity and solvency of the cooperative.

This study examines the use of accounting information by the cooperative managers who are members of Dekopinda cooperative in North Jakarta area.

2.3. Use of Accounting Information

The accounting standards for cooperatives in Indonesia has been developed. There is a special accounting standard set for SME which is called SAK-ETAP. The Government of the Republic of Indonesia has issued the Regulation of the State Minister of Cooperative and Small and Medium Enterprises KUKM Number: 04 / PER / M.KUKM / VII / 2012 dated July 26, 2012 regarding

Accounting General Guidelines for Cooperative Based on SAK ETAP. Accounting itself means a service activity which strives to provide quantitative information regarding the performance of an entity in a certain period to stakeholders so they could take necessary decisions (Kusuma & Budianto, 2013). Accounting for cooperatives is quite different with a regular accounting standard in the preparation of the financial report. However, the accounting for cooperatives is relatively easier than regular accounting (Karthikeyan, 2015).

Ebue, Onyeze, and Arinze (2015) argue that cooperatives are organizations who operate for the sake of business, however, they could be classified as non-profit business organizations. Regardless the form of business organization, accounting system should be maintained by the organizations to keep going. Cooperatives mainly involve in social projects to serve different stakeholders. Cooperatives are expected to prepare accounting reports which could capture all the financial information from those projects thus the stakeholders could see whether cooperatives could serve its purposes. Therefore, this research would like to study accounting knowledge on the use of accounting information by market cooperative managers who are members of Dekopinda cooperative in North Jakarta area.

2.4. Self-Concept

According to Law No. 17 of 2012 article 1 and article 26 regarding cooperative, management is the cooperative's board which is fully responsible for managing the cooperative in the best interests and to achieve the purposes of cooperative itself. Also, the board should be able to represent the cooperative both inside and outside the courts in accordance with the provisions of the articles of association. The members of cooperative are the owner and simultaneous user of cooperative services. Each individual on the board and the members of the cooperative has its own characteristics and beliefs. Individual belief about the consequences of a behavior determines individual attitudes. Individual belief could be positive or negative which will result in positive or negative attitudes as well (Achmat, 2010).

Planned behavior theory explains that human beings are rational and they will use all possible information systematically (Mahyarni, 2013). Thus, in the case of cooperative, managers who never had accounting education and training or have no accounting knowledge will not be able to optimize the use of accounting information.

2.5. Accounting Knowledge and Use of Accounting Information

Accounting knowledge of cooperative managers affects the use of accounting information in managing the cooperatives. Cooperative managers with high accounting knowledge will use such knowledge in utilizing accounting information. Accounting knowledge can be obtained from formal education as well as from the accounting related training.

People with a low level of formal education (elementary or junior high school graduate) will use a low level of accounting information as well. In contrast to owners or managers with elementary and junior high school education backgrounds, the majority of owners or managers with a high school / vocational education background use accounting information they find in their record. This is because the owner or manager with a background of high school / vocational school has received basic economics and accounting education, hence they could see the importance of using accounting information (Meiliana & Dewi, 2014).

H1: Accounting knowledge of cooperative managers positively affects the use of accounting information.

2.6. Self-Concept and Use of Accounting Information

Self-concept is a component of an interpersonal communication system in addition to interpersonal perception, interpersonal attraction and interpersonal relationship (Rachmat, 2007). One is having a self-concept if the individual assumes that she/he is capable of doing something then she/he strives to achieve what she/he wants. Self-concept is the image or perception which someone

thinks about themselves and which is obtained through an experience of interacting with oneself, others and the environment (Respati, Yulianto, & Widiana, 2006).

Positive self-concept will result in a high level of motivation to achieve something and vice versa, a negative self-concept will bring a low level of motivation to achieve something. People act in accordance to their self-concept. Self-concept affects how the cooperative manager sees himself/herself to be able to manage the cooperative in the best way. Cooperative managers who have positive self-concept will put their best effort including using accounting information to achieve the maximum outcome. On the other hand, cooperative managers who do not have a self-concept will not be able to manage the cooperative in an optimum fashion and will not put effort to do so. The cooperative managers with a negative self-concept will consider the use of accounting information as a burden.

H2: The self-concept of cooperative managers positively affects the use of accounting information.

3. RESEARCH METHOD

3.1. Population and Sample

The population in this study is not in accordance with the initial proposal. In the proposal, the research population is market cooperatives which are members of Dekopinda North Jakarta. However, there are only nine market cooperatives registered in Dekopinda, North Jakarta. Thus, the population of this study is expanded to all existing cooperatives in North Jakarta Region and as a member of Dekopinda. Due to the excessive number of population, sample was taken which results in 49 cooperatives with a total of 100 respondents.

3.2. Resources and Data Collection Techniques

Data used in this research is primary data. This research use questionnaire list which consists of 39 questions that have been used by previous research. These questions have been modified according to the needs of this study. The total score gathered from the questionnaires then being used in this research. The questionnaires were distributed directly to each cooperative.

3.3. Research Model

To study the effect of accounting knowledge and self-concept of cooperative managers on the use of accounting information, we use multiple linear regression model which is established according to research conclusions related to the above concepts. The regression model used in this research is as follows:

$$PIA = \alpha + \beta_1 PA + \beta_2 KD + e$$

Information:

PIA : Use of Accounting Information

α : Constants

β : Coefficient

PA : Accounting Knowledge

KD : Self-Concept

e : Error

3.4. Variables

3.4.1. Use of Accounting Information

The dependent variable in this study is the use of accounting information. This variable is measured by 10 modified questions from questionnaires used in research by Astarani (2014). The modification is done according to the needs of this study (see Appendix). The questionnaires allow the respondent to give an answer in a 4 Likert scale. 1 represents a very dissatisfaction, 2 means not satisfied, 3 means satisfied, and 4 means very satisfied.

3.4.2. Accounting Knowledge

The accounting knowledge is measured by 19 modified questions used in Kusuma and Budianto's research (2013). These questions have been modified according to the needs of this study (see Appendix). Accounting knowledge variable is measured by using 4 Likert respondent level. 1 represents a very dissatisfaction, 2 means not satisfied, 3 means satisfied, and 4 means very satisfied.

3.4.3. Self Concept

Self-concept is measured by 10 modified questions from questionnaires used in research by Mas'ud (2004). These questions have been modified according to the needs of this study (see Appendix). Self-concept variable is measured by using respondent level 4 Likert scale. 1 represents a very dissatisfaction, 2 means not satisfied, 3 means satisfied, and 4 means very satisfied.

3.5. Data Analysis Technique

The techniques to analyze the data in this research are descriptive statistical analysis, validity test, reliability test, classical assumption test, and regression analysis using research data model.

4. RESULT AND DISCUSSION

The respondents of this research are the managers of Dekopinda cooperative in North Jakarta area which consist of 100 respondents from 49 cooperatives (Table 4.1). The distribution of questionnaires was conducted from July 24, 2017 to September 13, 2017.

Table 4.1 Details of Obtaining Questionnaire

Information	Amount	Total
Number of Dekopinda Cooperatives		78
Unknown address	2	
Incorrect address	18	
Closed cooperatives	4	
Double counting in cooperative data	2	
Unanswered questionnaire	3	
Total cooperatives that did not meet criteria		29
Total cooperatives that fill out the questionnaire		49

The descriptive statistical analysis shows that 90,05% of respondents claimed to have a knowledge in accounting for cooperative, 94,6% of respondents stated that they have good self-concept in work, and 88,4% respondents argued that they use accounting information to manage the cooperatives. The overall results demonstrate that respondents specified that they have accounting knowledge and also due to their self-concept, they have been utilizing accounting information to manage the cooperative in an optimum fashion.

Validity test is performed in this research to investigate whether the research instrument could measure the concept that should be measured. A model could be classified as valid if the significance level is below 0.05. Based on the validity test performed in this research, all questions related to accounting knowledge, self-concept, and the use of accounting information are valid because each question has a significance value below 0.01. The results of reliability test show that the variables of accounting knowledge, self-concept, and the use of accounting information can be classified as reliable because it has Cronbach's Alpha value above 0.60.

Hypothesis testing was done by multiple linear regression through SPSS version 20 for windows. Multiple regression aims to determine whether there is an influence of the independent variable to the dependent variable. The results of multiple regressions are shown in Table 4.2.

Table 4.2 Results of Multiple Linear Regression

Model	Coefficient	t-statistic	Sig.
Constant	19,812	6,036	0,000
PA	0,105	2,023	0,023
KD	0,191	1,885	0,031
N	100		
Adjusted R ²	0,109		
F. Statistic	7,033		
Sig. (F-stat)	0,001		

Source: Summarized from SPSS Output

As can be seen in table 4.2, the value of adjusted R² is 0.109 which means accounting knowledge and self-concept contributes to only 10.9% of the use of accounting information.

Table 4.2 also displays the F value of 7.033 and significance level of 0.001. In a significance level of 0.01 with df1 (number of variables - 1) = 2 and df2 (n - k - 1) or 100 - 2 - 1 = 97, the value of Ftabel according to statistical table is 4.83. Thus, since the F value is greater than Ftabel (7.033 > 4.83) and significance level 0.001 < 0.01, it can be concluded that knowledge of accounting and self-concept of cooperative managers significantly influence the use of accounting information at the same time.

The first hypothesis, which states that accounting knowledge affects the use of accounting information, is accepted since the significance value is 0.023 < 0.05 (see Table 4.2). These results indicate that accounting knowledge has a significant positive effect on the use of accounting information for cooperative managers. Cooperative managers in social projects to serve different stakeholders have used accounting information in accordance with their understanding. This study supports the research of Meiliana (2014) which states that someone who had economics and basic accounting education would see the importance of use of accounting information.

The second hypothesis, which states that self-concept affects the use of accounting information, is accepted since the significance value is 0.031 < 0.05 (see Table 4.2). These results suggest that the self-concept of cooperative managers has a significant positive effect on the use of accounting information. Managers claim that they have been managing the cooperatives in the best possible way they could including utilizing accounting information.

5. CONCLUSION AND IMPLICATIONS

The following conclusions are made according to the result of the research that has been done. First, there is a significant positive influence of accounting knowledge on the use of accounting information. Second, there is a significant positive influence between self-concept towards the use of accounting information. This is supported by 91% of respondents which stated that they have accounting knowledge and use the accounting information in managing the cooperative. However, since only 10.9% of the use of accounting information which could be explained by having accounting knowledge and self-concept, another study to investigate the remaining possible reason could add another value to current research.

This study is limited to cooperatives resides in North Jakarta only. Study on cooperatives in different regions could possibly give various results. In addition, this research only examines the accounting knowledge and self-concept of cooperative managers and disregard the education level

and the length of the managerial experience of the cooperative managers. It is also advisable for further research to also do an interview to gather a complete information.

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APPENDIX

The use of accounting information variable:

1. Every transaction data is always processed periodically.
2. In processing transaction data, the cooperative has provided a format or a form.
3. The forms used are considered sufficient.
4. There is a sequence number printed on each of the forms used, to keep track of the number of transactions.
5. The resulting information is considered to be adequate to support decision making.
6. Cooperatives always keep a record (journals) of each transaction.
7. Every transaction that occurs is recorded and has a supporting document.

8. Every transaction does not need to be recorded as completely as possible.
9. Financial information is reported to members on a regular basis.
10. Cooperative management can find out the total amount of deposits owned by members at any time.

Accounting knowledge variable:

1. I understand the identity and characteristics of the cooperative.
2. I understand the development of accounting standards for cooperative in Indonesia.
3. I understand the elements of cooperative's assets.
4. I understand the recognition of elements of cooperative's assets.
5. I understand the measurement of the elements of a cooperative's asset.
6. I understand the presentation and disclosure of elements of cooperative's assets.
7. I understand the elements of cooperative's obligations.
8. I understand the recognition of the elements of cooperative's obligations.
9. I understand the measurement of the elements of cooperative's obligations.
10. I understand the presentation and disclosure of the elements of cooperative's obligations.
11. I understand the elements of cooperative's equity.
12. I understand the recognition of equity elements of the cooperative.
13. I understand the measurement of equity elements of the cooperative.
14. I understand the presentation and disclosure of equity elements of the cooperative.
15. I understand the qualitative characteristics of cooperative's financial statements.
16. I understand the concept of calculating the financial results of the cooperative.
17. I understand the concept of preparing a cooperative's cash flow statement.
18. I understand the concept of preparing reports of changes in the equity of the cooperative.
19. I understand the concept of composing notes on financial statements of cooperatives.

Self-concept variables:

1. I do my work with my best ability.
2. I have the tools and resources to do my work.
3. I am proud to tell others that I work in this cooperative.
4. I feel personally responsible for the high quality of work.
5. I feel very optimistic about the future.
6. I feel I work as a team member.
7. I am personally committed to a long-term career in this cooperative.
8. I feel working as a cooperative management is a form of self-respect.
9. I feel confident in doing my work.
10. The way I do my job is important for the success of the cooperative.