

Factors Affecting the Intention of Food and Beverage MSMEs in JABODETABEK to Adopt Cloud Accounting

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Abstract. Technological advances have a positive impact on people's life activities, including in improving quality in the business sector. In Indonesia, MSMEs have a big role in driving the country's economic growth. This study aimed to find out what factors can influence the application of cloud accounting by SMEs in the Greater Jakarta area. This study used a quantitative method with primary data. The data were collected from SMEs engaged in the food and beverage sector by distributing a questionnaire to a total of 53 respondents. The results of this study showed that financial literacy, performance, and social influence had significant positive effects on the application of cloud accounting by SMEs in the Greater Jakarta area. Thus, increasing the three influential variables can increase the intention of SMEs to implement cloud accounting.

Keywords: Cloud Accounting-1; Micro Small-Medium Enterprises (MSMEs)-2; Intention-3

1 Introduction

All human activities today are closely related to the use of technologies. With rapid technological advances, companies, factories, or other industries now also use technologies in their activities to help improve their performance, speed, and accuracy. On this, the Minister of Industry, Airlangga Hartarto, opined that Indonesia has the potential to increase connectivity, interaction, and convergent resources into the Industry 4.0 Era [1]. The emergence of the Industry 4.0 Era has had a positive impact on the survival of the Indonesian people. The President of Indonesia, Mr. Joko Widodo, supported in a statement that the emerging Industry 4.0 Era carries with it a great potential for the country to achieve the highest global economic ranking by 2030 [2].

However, as time went on, Indonesia experienced a COVID-19 outbreak which affected many aspects including its economy. The 1945 Constitution Article 33 Paragraph 4 in Tooy (2022), explains that MSMEs are a part of the national economy that has an independent outlook and has the potential to improve people's welfare [3]. With a significant role, MSMEs can create a contribution percentage to GDP of 61.97% or IDR 8,573.89 trillion (data from the Ministry of Cooperatives and SMEs) [4]. Based on the results of the Katadata Insight Center (KIC) survey conducted on 206 MSMEs in Jabodetabek, the majority of MSMEs, 82.9%, felt the negative impact of this pandemic and only 5.9% experienced positive growth. This

pandemic condition even caused 63.9% of the affected MSMEs to experience a decrease in turnover of more than 30%. Only 3.8% of MSMEs experienced an increase in turnover. The KIC survey showed that MSMEs were taking steps in an efficient effort to maintain their business conditions, such as reducing the production of goods/services, working hours, number of employees, and sales/marketing channels [5].

The weak point of MSMEs is that they neither make financial reports nor take care of frequently neglected licensing issues [6]. To deal with this problem, MSMEs are forced to adapt to occurring changes. Compared to traditional accounting, technology-based accounting potentially excels by improving services based on client needs, provides easier access to software and hardware, but requires a little cost to use, and provides convenience to control business costs [7].

2 Literature Review

2.1. Micro, Small, and Medium Enterprises (MSMEs)

Usually, MSMEs between countries and industries are defined based on quantitative criteria, such as the number of employees, capital, assets, and income per year [8]. MSMEs typically only make guesses of profits and loss, which can slow down their business development [9][10].

2.2. Cloud Accounting

Cloud accounting differs from traditional accounting in that one needs to buy or lease a license. The system location is on the cloud or on the user's website. Additionally, the user must also incur the costs to maintain the continuity of the system (Khanom, 2017) [11].

There are several advantages to using cloud accounting as reported by various studies. For instance, it is cheaper because it does not require additional costs to invest, it is easier to access various accounting information in a spatially and temporally unbound manner, the system is constantly updated with real-time changes when a user accesses it, and data security is guaranteed in real terms [12][13]. Today's financial records can be executed not only traditionally but also digitally by cloud accounting [14].

2.1.1. Financial Literacy

According to Grohmann (2018), financial literacy is knowledge about various savings and several loan decisions [15]. A high level of financial literacy can improve the quality of decision-making. Financial literacy is a person's ability to process economic information as a basis for decision-making, e.g., financial planning, accumulation, retirement planning, etc.[16].

2.1.2. Digital Literacy

According to Karunia Assidik (2018), digital literacy is a person's ability to use technologies and communication tools to process information, build new knowledge, and communicate with others for the purpose of creating effective engagement [17]. Digital literacy is defined as the ability to understand information using computer devices in various forms and sources [18].

2.1.3. Psychology

According to ROLOS in Handayani & Kurniawan (2020), psychology is a building

part or a foundation consisting of elements to strengthen in decision- making: self-efficacy, optimism, hope, and resilience[19].

2.1.4. Performance

According to Rafiq (2019), performance is something that contributes to an organization or company [20].To improve organizational performance, it is necessary to improve individual and group attitudes. Meanwhile, according to Kurniawati et al. (2019), performance refers to work performance or work results [21].

2.1.5. Social Influence

Social influence is a strategy that aims to persuade an individual to influence his/her decision-making with the support of those closest to him/her, such as family, friends, and co-workers [22].

3 Research Methods

This study used a quantitative analysis, with micro, small, and medium enterprises in Jabodetabek being the objects of analysis. The survey method was applied to 53 respondents to collect information regarding the larger MSME population. The population of this study consisted of micro, small, and medium enterprises (MSMEs) in Tangerang, Jakarta, Bogor, Depok, and Bekasi. The sample was extracted using the cluster random sampling technique.

Two types of variables were involved in this study, namely, dependent and independent variables. In this study, factors of MSME intention—financial literacy, digital literacy, psychology, performance, and social influence—were the independent variables. The dependent variable was the adoption of cloud accounting for carrying out business processes. The indicators were measured using a five-point Likert scale (from 1 =stronglydisagree to 5=stronglyagree). The researchers processed the collected data using Smart PLS version3.3.3 software for the purpose of hypothesis testing. Additionally, the calculation was performed using the Partial Least Squares (PLS) equation.

4 Result and Discussion

4.1. Evaluation of Measurement Model

The loading factors chart shows the values of the variables in this study—financial literacy, digital literacy, psychology, performance, social influence, and intention to apply. Loading factors indicate whether certain variables are relevant and can be processed in research implementation. In this study, relevant values above 0.700 were obtained by FL2, FL6, DL1, DL2, DL3, DL4, DL5, DL6, PS1, PS2, PS3, P1, P2, P3, SI3, SI4, IA1, IA2, IA3, IA4, IA5, and IA6.

Calculation of the average variance extracted is done to understand how much variance each variable has. In this study, the variance value of each variable was more than 0.500: FL (0.812), DL (0.718), PS (0.750), P (0.779), SI (0.773), and IA (0.788). This indicates that the variable representation was significant.

This calculation requires that the relationship between variables with the same variable have a greater correlation value when compared to the correlation value between variables and other variables. The variable financial literacy (FL) had a correlation value of 0.901 with the same variable. Meanwhile, the correlation value with the variables digital literacy (DL),

psychology (PS), performance (P), social influence (SI), and intention to apply (IA) was smaller.

This calculation is performed to test discriminant validation on managed data. The value of a particular item must have a higher loading relative to its parent construct than any other construct. In this research, each item had a higher loading value with its parent construct than with the other constructs. For example, the variables FL2 and FL3 had larger values than FL, namely, 0.911 and 0.891, respectively. While the values generated with the variables DL, PS, P, SI, and IA were smaller, and so were they with other variables.

This test measures internal consistency in each existing variable. If the value is more than 0.7, it is said that the indicator variable which contains latent variables has the same variance. In this study, the six variables had values greater than 0.7: FL 0.896, DL 0.938, PS 0.900, P 0.914, SI 0.872, and IA 0.957. Thus, it can be said that the variance value of each variable was consistent. As with composite reliability, this table shows good composite reliability on variables based on coefficient values. The variables in this study had good levels of composite reliability because they earned values of > 0.600 .

4.2. Evaluation of Structural Model

It was figured out that the independent variable (X) affected the dependent variable (Y) at 0.577. Thus, it can be concluded that the variable X affected the variable Y at a percentage of 57.7% ($0.577 \times 100\%$). The rest (42.3%) was independent variable not included in this study.

A path coefficient shows that an X variable has a positive or negative relationship to the variable Y. Based on calculations made through Smart PLS, the variable psychology had a relationship in a negative direction with the intention to apply cloud accounting with a value of -0.103. Meanwhile, the other X variables had positive relationships to the intention to apply cloud accounting.

Calculations show the T-statistics generated from the questionnaire data collected. The variables included in the study had T-statistics of 2.299 (FL>IA), 0.620 (DL>IA), 1.083 (PS>IA), 2.346 (P>IA), and 4.088 (SI>IA). Therefore, it can be said that FL, P, and SI had significant relationships with the dependent variable because the values obtained were > 1.96 . On the other hand, digital literacy and psychology are said to have insignificant relationships with the dependent variable because the values were < 1.96 .

Table 1. T-Statistic

	Original Sample	Sample Mean	Standard Deviant	T Statistics	P Values
FL -> IA	0,264	0,265	0,115	2,299	0,022
DL -> IA	0,073	0,077	0,118	0,620	0,535
PS -> IA	-0,103	-0,119	0,095	1,083	0,279
P -> IA	0,295	0,283	0,126	2,346	0,019
SI -> IA	0,418	0,411	0,102	4,088	0,000

5 Conclusion

From the results of the research on five factors influencing MSME intention to apply as independent variables, it can be concluded that financial literacy, performance, and social influence had significant positive effects on the adoption of cloud accounting technologies,

digital literacy had a non-significant positive effect, and psychology had a non-significant negative effect. The results obtained showed that the level of financial knowledge of MSME business actors could increase their intention to adopt cloud accounting, and so could the level of performance and social influence. The level of digital knowledge was a factor that had a positive effect because the ability of business people to use technologies is key to their adopting cloud accounting. Meanwhile, psychological did not affect their intention to use cloud accounting. This study has limitations in the amount of questionnaire data collected which was still quite minimal. Future research is suggested to add more varied independent variables, such as business size, factors from business owners, etc. It is also suggested to increase the amount of data collected for maximum results.

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