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SME Sustainability through the Role of Suitability Tasks in Accounting Information Systems and Internal Control

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ABSTRAK

Makalah ini mengkaji tentang kinerja UKM di Banten dengan menganalisis dampak komponen sistem informasi akuntansi (AIS), sistem pengendalian internal (ICS), kesesuaian tugas (ST) terhadap kinerjanya. Kami menggunakan 214 UKM sebagai sumber data dan dianalisis berdasarkan estimasi *Partial Least Square*. Hasil penelitian kami menunjukkan bahwa AIS, dan ST terhadap kinerja memiliki hubungan yang simetris. ICS tidak menunjukkan hubungan yang signifikan dengan pembentukan kinerja. Penelitian kami menggunakan sistem informasi akuntansi (AIS) sebagai prediktor kuat untuk kinerja organisasi. Penggunaan AIS secara signifikan mampu mempengaruhi peningkatan kualitas pekerjaan termasuk dapat mengurangi biaya. Hasil kami menunjukkan bahwa AIS memiliki pengaruh positif dan signifikan terhadap pengurangan biaya sehingga dapat meningkatkan efektivitas pengambilan keputusan. Kami menemukan bukti bahwa penyusunan prosedur sesuai tugas secara sistematis berperan terhadap penerapan AIS dan pengendalian internal untuk meningkatkan kinerja di UKM.

Kata Kunci: Akuntansi, Pengendalian Internal, Tugas, Kinerja

ABSTRACT

This paper examines the performance of SMEs in Banten by analyzing the impact of the components of the accounting information system (AIS), internal control system (ICS), and task suitability (ST) on their performance. Our analysis uses Partial Least Square estimation based on data from 214 SMEs. Our results show that AIS and ST on performance have a symmetrical relationship. But ICS did not significantly correlated with performance. Our study uses accounting information systems (AIS) as a strong predictor of organizational performance. The use of AIS can significantly affect the quality of work, including reducing costs. Finally, we conclude that the use of an accounting information system has a positive effect on cost reduction to increase the effectiveness of decision making. We find evidence that the systematic preparation of task-based procedures contributes to relationships of AIS and internal controls to improve performance in SMEs.

Keywords: Accounting, Internal Control, Task, Performance

1. Introduction

In developing countries, the role of small and medium enterprises (SMEs) is important to support economic growth. Increasing competitiveness in the current digital era, SMEs are required to make many changes so that they are able to survive and advance. Most SMEs in Banten are not managed using a quality system. Until now, many SMEs have not succeeded in expanding their marketing to exports (Mariana, 2012; Wibowo & Kurniawati, 2016; Nugraha et al., 2017). Constraints faced by some SMEs for market expansion include performance problems. The narrow scope of SMEs requires a more dominant role of managers for their progress (Giusti, Kustono, and Effendi 2018; Handayani and Hariyati 2014). The current environmental turbulence requires SMEs to be able to solve performance problems that focus on cost efficiency (Handayani and Hariyati 2014). However, in general, SMEs still have limitations in managing their resources. This is also because SMEs still lack managerial skills such as technological knowledge, and limited resources (Respatiningsih 2019).

Our study discusses suitability tasks based on the agency theory perspective, that is, as a consequence of performance optimization, where a high perception of performance implies a higher tendency to create task fit (Nurdiwiandra 2018). It assumed that suitability tasks created by managers for their benefit in ways that are beneficial to the organization, such as positive, functional, and ethical behavior, leading to efficiency and effectiveness (Al-Waeli et al. 2020). This study shows that SMEs adopt a mechanism in the use of accounting information systems to obtain better performance by establishing task suitability for staff. This finding provides valuable knowledge about the relationship between accounting information systems and task suitability and their impact on SME performance. Meanwhile, controls that have relationships with task suitability, however, are not effective on performance. Suitability tasks can analyzed from a behavioral perspective, which suggests that managers can use these resources to stabilize the firm's core activities and promote strategic, value-creating behaviors (Vanacker, Collewaert, and A. 2017). The suitability task tends to increase the perception of the effectiveness of the work so that optimal performance (Ashianti and Fani 2013).

A manager's task-suitability may reflect organizational and individual needs, the lack of task congruence implies not having the resources to cope with difficulties and exogenous factors not under the manager's control. The lack of job compatibility can also hinder innovation, as well as lead to disputes between divisions (Vanacker, Collewaert, and A. 2017), which can result in low performance related to accounting information processes and internal control. The literature on performance warns that individuals can change the quality and quantity of their work due to the absence of good job compatibility, including in terms of systems and technology (Sohail et al. 2021; Vanacker, Collewaert, and A. 2017).

The issue of SME managerial performance has become an important part of every decade and even today (Giusti et al., 2018; Handayani & Hariyati, 2014; Trabulsi, 2018; Respatiningsih, 2019; Wibowo & Kurniawati, 2016; I M Alnajjar, 2017; Trabulsi, 2018; Esmeray, 2016). This phenomenon explains that the topic of managerial performance, especially in SMEs is still interesting to study for economic progress (Mariana 2012). Until now, many researchers are concerned in this context, but most of them discuss the determinants of managerial performance factors based on aspects of attitudes and behavior in organizations (Giusti et al., 2018; Ha, 2020). Our paper tries to focus more on technology systems including accounting and control that can be applied in the SME work environment. We base on the principle of contingency, that there needs to be an appropriate approach from various alternatives to a problem so as to find a unique context according to the organization. We intend to explore the effectiveness of AIS, internal control, and level of task fit on the managerial performance of SMEs. This paper is a form of development of the problems discussed by Appelbaum

et al., (2017), regarding the challenges and opportunities of SMEs to survive in the digital era related to the use of accounting information systems. We also need to re-proven the results of the research by Adegboyegun et al., (2020) regarding the ineffectiveness of internal control on the performance of SMEs. Therefore, this paper aims to re-examine and prove empirically on SMEs in Banten. Our study adds one variable that mediates the relationship between the effectiveness of AIS, and ICS on the managerial performance of SMEs, namely ST.

Based on the phenomenon and importance of SMEs for post-pandemic economic growth in Indonesia, we believe that better management of SMEs is needed so that they can be sustainable. Currently, SMEs are felt to need an accounting information system and internal control for the continuity of their business operations. The purpose of our research is to examine several determinants of manager performance, especially in SMEs. The alternative that we come up with as a contingency to solve SME problems. We propose three different contingency factors from previous research including: accounting information systems, internal control, and task compliance. Our study is a follow-up study to find out managerial performance problems in the context of SMEs (Rudiyanto, 2017). We hope that the results of this study can contribute to local governments in regulating policies for empowering SMEs to be competitive at national and international levels.

2. Literature Review and Hypothesis Development

Agency Theory

Agency theory is the basis for the emergence of a control to limit the opportunistic behavior of agents so that the agent's activities are in accordance with the principal's goals, besides that it can also build trust and confidence in the principal that the agent has worked optimally (Ushio 2017). This theory is applied to improve individual abilities and facilitate the achievement of work results. As a tangible and measurable extrinsic reward so can have an impact on employee performance (Ushio 2017). The application of AIS and ICS as a control, due aims to improve work results that focus on organizational goals (Bodnar & Hopwood, 2013: 13).

Our paper refers to agency theory, elements of accounting information systems and internal control are antecedents of task suitability and performance (figure 1). The designed model explains that the performance is resulting from efforts to match the accuracy of the task (accounting information system and adequate internal control). In addition, the use of task suitability mediation as an economic resource that influences behavior and attitudes in organizations. This agency concept triggers the emergence of work controls to limit the opportunistic behavior of agents so that trust and confidence are guaranteed to work optimally (Ushio 2017). Our framework analyzes the relationship between determinants of control and organizational-managerial performance. Although organizational-control creates agency costs, the decision expected to reduce negligence, distortion of information, deprivation of resources, and so on (Bhuyan and Appuhami 2015).

We refer to the agency concept to eliminate asymmetric information so as to improve the performance of SMEs through accounting information systems and internal controls. Agency costs are considered value added because the organization gets quality information. In addition, performance control is considered feasible because it can contribute more in the future. The agency concept in this paper was developed to change the work environment to be conducive so that it can manage information better (Adam, Effah, and Boateng 2017). Our paper believes that the application of AIS and ICS as a form of control can improve performance based on organizational goals (Bodnar & Hopwood, 2013: 13).

Accounting Information Systems, Suitability Task, and Managerial Performance

A series of interacting components, AIS prepares the information systems an organization needs for the purpose of improving business processes. Besides being able to improve quality, AIS is expected to reduce product or service costs, increase efficiency, share knowledge, increase supply chain efficiency and effectiveness, improve internal control structures, and improve decision making (Romney. & Steinbart., 2017: 3). For internal and external users, AIS is able to produce various accounting reports that tell historical transactions regarding accounting processes, procedures and systems (Turner et al., 2017: 4).. The process generated by the AIS is important information about an organization's financial resources that is communicated to various decision makers ((Bodnar and Hopwood 2013). The output of the AIS process believed to be able to increase the effectiveness and efficiency of business processes, in addition to reducing operational costs and business risks (Elena et al., 2015; Shagari et al., 2017).

The application of AIS in organizations integrated with advanced information technology can increase task effectiveness and have implications for increasing income (Esmeray 2016). AIS with a computerized system has a significant impact on cost reduction, quality improvement, and effective decision making (Trabulsi 2018). Such information technology can provide guarantees for the reliability of financial information, control of work procedures, and right decision making (Teru, Idoku, and Ndeyati 2017). In the long term, AIS plays a role in the development of business strategy by providing useful information in decision making (I M Alnajjar 2017). The success of AIS in achieving the goals and objectives of business organizations is due to several characteristics it contains, including Timeliness, Accuracy, and Verifiability of financial performance (Al-Waeli et al. 2020). The benefits for employees due to the implementation of AIS include providing easy instructions in carrying out their duties (Hariyati et al., 2019). In addition to achieving performance-based organizational goals, AIS is also able to help employees achieve maximum performance through a system of procedures that correlate with task suitability (Sow 2021).

We found some literature related to the design of AIS which is used to prepare various important information in the context of decision-making in business organizations. In the long term, AIS is strategically able to achieve organizational goals by forming strong organizational culture of flexibility in the face of changing business environmental conditions ((Hutahayan, 2020; Hariyati et al., 2019).. This system has a strong relationship in shaping the quality and efficiency of SMEs in the current global era (Appelbaum et al., 2017; Wibowo & Kurniawati, 2016). Some researchers believe that the most important success of AIS is its ability to control work processes and results (Esmeray 2016). Therefore, we understand that the use of AIS is very helpful for business organizations in generating information for quality decision making, improving operational effectiveness, and employee performance processes (Ha, 2020; Hasnanto & Gunawan, 2020; Widhawati & Damayanthi, 2018).

The convenience provided by AIS in operating systems, procedures, obtaining accurate data, receiving clear, relevant, and timely information is the basis for supporting performance. Besides these benefits, the management of AIS that is proportional to the business environment is able to have a positive impact on financial performance, even being able to grow employee commitment and loyalty (Hutahayan, 2020; Hertati et al., 2020). Even success in the long term, AIS is predicted to be able to contribute to macroeconomic improvement (Nallareddy & Ogneva, 2017). Adequate AIS facilitates managers and staff in forming a constructive attitude and guarantees the administrative authority of resources (Shagari, Abdullah, and Saat 2017). Thus, we believe that the effective

application of AIS in SMEs can serve the needs of its users and is useful in supporting managerial performance (Belfo & Trigo, 2013; Soudani, 2012).

H₁: The effectiveness of accounting information systems in SMEs affects the suitability of tasks assigned by managers.

H₂: The effectiveness of the application of accounting information systems in SMEs affects managerial performance.

Internal Control, Task Suitability, and Managerial Performance.

As a set of procedures and policies of an organization, internal control is expected to be able to protect assets, prepare accurate and reliable data, improve operational efficiency, and encourage compliance with managerial practices and risk aversion (Turner et al., 2017: 5). This support is highly correlated to the suitability of the tasks assigned to employees as well as to their performance. Internal control is used as an organizational tool to direct the implementation of the system under its objectives. It also provides clarity of duties and responsibilities for all organizational resource activities. According to Romney & Steinbart (2017: 5), internal control is intended to segregate duties and responsibilities for asset maintenance, authorize activities that affect these assets, and record information about the organization's asset activities. Internal control assures the organization of achieving its goals. These guarantees include the reliability of financial reporting, operational efficiencies, and compliance with applicable laws and regulations. Five elements of the organization's internal control process are examined in this paper: environmental control, risk assessment, control activities, information and communication, and monitoring (Bodnar & Hopwood, 2013: 13).

An internal control system (ICS) is needed to regulate the activities of members of the organization to suit its objectives. ICS ideally directs the balance of various activities such as the results of achieving goals and strategies, implementation and measurement, and analysis of achievements and rewards (Garrison, Noreen, 2017: 363). The high application of ICS in a business organization can increase the productivity and performance of all parts of the organization. Effective and efficient implementation of activities, reliability of assets, and compliance with regulations can be achieved through the application of reliable ICS (Indralesmana and Suaryana 2014). In the end, the purpose of business organizations implementing internal control is to produce accurate and reliable information in decision-making (Krismiaji, 2010).

The suitability of tasks in carrying out work is the accuracy of the instructions given by the manager, it reflects the involvement of the leadership in effective and efficient organizational performance (Teru et al., 2017; Trabulsi, 2018). In addition, there is an important role for task conformity in controlling the performance of subordinates through the control of information security and accounting data (Al-Waeli et al. 2020). The ability of employees to use information technology is a close part in carrying out their duties. Therefore, it can be understood that task suitability is related to the employee's ability to information technology (AIS) which has an impact on overall performance. The better the level of suitability of tasks prepared by the organization has an impact on the accuracy of task completion so that it has implications for managerial performance.

H₃: The effectiveness of the implementation of the internal control system in SMEs affects the suitability tasks.

H₄: The effectiveness of the implementation of the internal control system in SMEs affects managerial performance.

H₅: The effectiveness of the implementation of suitability task in SMEs affects managerial performance.

Our study uses the following model framework:

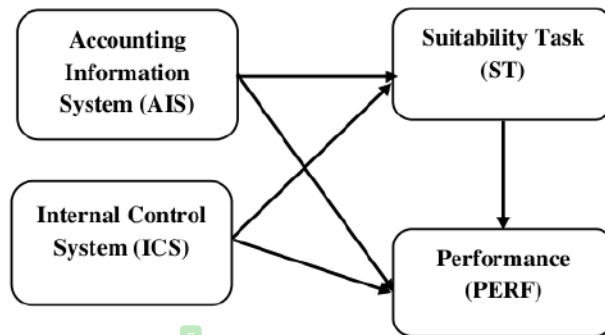


Figure 1 Research Model.

3. Research Methodology

The quantitative method we use to prove the five hypotheses. The data we collect comes from 161 SMEs, total sample of 214 employees. We used a research instrument in the form of a questionnaire for each variable (32 items). Before the instrument used, we conducted a pilot test on 10 SME managers outside the sample. This test was intended to obtain valid and reliable instrument items, and resulted in 28 valid and reliable items (AIS=7; ICS=7; ST=8; and PERF=6). Next, we distributed the valid and reliable instruments (28 items) to the respondents. We use a 5-point Likert scale to provide an assessment of the questionnaire, where 5 is the highest score and 1 is the lowest score. The scoring criteria for each statement item are: 1= Strongly Disagree; 2= Disagree; 3= Doubt; 4= Agree; and 5 = Strongly-Agree, and vice versa for negative statements. We construct variables based on the following indicators:

The majority of our research respondents have worked 5-10 years (47.2 percent), productive age (72.9 percent), and have a bachelor's degree (75.23 percent). We found the results of statistical data regarding the highest average performance (4.07) with a low standard deviation. This evidence shows that performance has moderate capacity with a low level of disparity among the respondents.

4. Results and Discussion

Results

The results we interpret are under the output issued by the Lisrel 8.80 programs with Partial Least Square (PLS) analysis. The data we analyze to confirm the theory is based on measurement models and structural models (Ghozali 2013).

Measurement Model

Our analysis tests whether the measurement model is constructed by the right variables. The accuracy of a variable is measured by the validity and reliability of each indicator in constructing the variable. Our results show that all variables are constructed by valid and reliable indicators. All variables have a construct reliability value greater than 0.70, it is concluded that the model is constructed by a reliable variable. Likewise, with the result of obtaining the AVE value, the overall AVE obtained is greater than 0.50 (Table 4), it is concluded that each variable is formed by valid indicators. Based on the results of the analysis, we conclude that the model we formed is derived from variables with valid and reliable indicators (Ghozali 2013).

We see that the discriminant validity of this research model is adequate (Table 5) because the construct has more variance. The discriminant validity of the measurement model was concluded to be valid and reliable. Our analysis shows that the overall discriminant validity in the model is quite good, which is indicated by the correlation value of all diagonal elements of the matrix which is higher than their respective elements.

Model Struktural

The structural model describes the relationship between exogenous and endogenous variables. The level of the relationship is seen based on the estimation results of the path coefficient. Our results show that performance is positively and significantly affected by AIS ($\beta = 0.19, t = 2.19, p < 0.05$). With the symmetrical nature of the relationship, these results imply that if AIS is applied significantly it can increase performance proportionally. Likewise, with ST, it was concluded that ST was significantly able to have a positive effect on performance ($\beta = 0.56, t = 3.87, p < 0.05$). This evidence indicates the importance of task fit in shaping the quality and quantity of employee work. The two variables have a strong relationship that can affect performance (Ghozali, 2013). However, the results of this study were not able to prove the effect of ICS on performance. The correlation coefficient between ICS and performance is symmetrical but has no significant effect ($\beta = 0.13, t = 1.13, p > 0.05$). The result that we obtained next is a positive and significant relationship between AIS and task suitability ($\beta = 0.24, t = 2.83, p < 0.05$). The strongest relationship among the five pathways in this study was the relationship between ICS and task suitability ($\beta = 0.62, t = 5.07, p < 0.05$). Finally, our research was able to prove the four hypotheses proposed: H1, H2, H3, and H5. While H4, we can't prove it because the p-value > 0.05 .

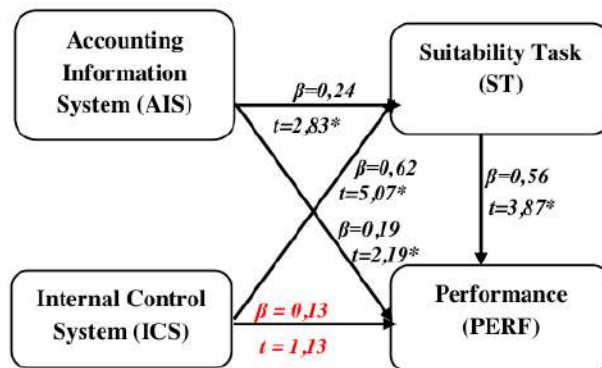


Figure 2 PLS Results for Theoretical Models

In structure-1, AIS and ICS contributed to the increase in ST by 64.14% (Table 6). The contribution was constructed by ST (48.41%) and AIS (15.73%). ICS indicators (authorities and responsibilities) contribute more to improving task suitability. These results explain that the authority given appropriately to subordinates can reflect high task suitability. In structure-2, ST gives the greatest contribution to performance compared to other independent variables (table 7). ST, which is reflected in the consistency and readiness of the system, becomes a driver of performance quality. SMEs need to access updated data in the information system so that consistency is sustainable. Support from superiors in completing work using computerized AIS contributed 12.29%. While the biggest contribution to the performance is ST (44.13%). The three exogenous variables in this study contributed 65.52% to performance.

Discussion

Our results provide an empirical description that the three determinant variables in this study have a symmetrical relationship with the performance of SMEs (Figure 2). The strength of the relationship between AIS and SME performance is explained by the indicators that construct them. The company's data security guarantee is one of the strong indicators so that employees are encouraged to provide optimal performance. In addition, SMEs must be able to access and prepare data consistently so that the available information is up to date. SME support for a superior AIS will provide convenience and pride for employees so that it can have implications for their performance. In contrast to internal control, our research finding is that the performance of SMEs is not significantly affected by internal control. Internal control, which is reflected in the authority and responsibility assigned to staff, does not directly contribute to employee performance. However, these indicators contribute significantly through the mediating variable (Suitable Task). This study explains that increasing the consistency of the system and the readiness of data access to support the performance of SMEs optimally.

The AIS correlated with the suitability of the tasks assigned to staff (Figure 2). This unidirectional correlation means that the more superior the AIS prepared by the company, the higher the task suitability for each staff. System proficiency in maintaining data security considered an impact on task suitability (H1 is accepted). The results also proved the positive effect of internal control on task suitability (H2). ICS provided by SMEs is optimal when staff given authority and responsibility. The responsibilities given to staff should be under their position so they give their maximum performance (Table 6). The third empirical evidence is that the influence of AIS on performance is positive and significant (H3). We believe that data security is an indicator capable of contributing to the quality and quantity of work. This result is consistent with that found by Bose & Luo, (2014). Several research results have also proven that company performance is empirically influenced by the use of AIS (Sow, 2021; Trabulsi, 2018; Teru et al., 2017; IM Alnajjar, 2017; Esmeray, 2016). Our research is not able to prove H4, empirically internal control (authorization) does not affect employee performance (Maharani et al., 2015; Dewi, 2012; Kabuye et al., 2019). Our analysis concludes that there is a mediator variable (ST) which has a significant level of relationship so that it can affect performance (Figure 2 and Table 7).

Suitability-tasks is important for leaders and staff so the workload they receive can be completed on time. This empirical evidence gives a message to managers to prepare appropriate SOPs (System Operational Procedures) to provide clarity of orders to their subordinates. Managers should think that employees should be provided with media and ways to complete their tasks effectively and efficiently. Our findings provide an overview of the importance of suitability tasks for contributing to organizational performance. Delegation of tasks to subordinates is a cooperative relationship between superiors and subordinates that cannot be separated from the control department (Long, 2018). We conclude that there is a need for internal control with the right model following the conditions of SMEs, thus reflecting flexibility in carrying out tasks to achieve organizational goals (Michelon Giovanna, Saverio Bozzolan, 2018).

Our results explain that SMEs need good thinking from a manager and his involvement in task development through task suitability instruments (Teru et al., 2017; Trabulsi, 2018). Managers need to exercise representative control so that they are able to contribute to the suitability of tasks and have implications for employee performance. Our findings explain that SMEs need to maintain the security of important data and information because it affects performance. With the mediation role, SME managers are expected to be able to create the right media for the suitability of the task. The authority given to subordinates needs to be controlled through the suitability of their duties so that they have a

big impact on performance. In our opinion, in future research it is necessary to consider other control functions in accordance with competitive conditions and consumer needs.

5. Conclusions, Implications, and Limitations

Our results find that AIS is a stronger determinant of SME performance compared to internal control. This finding is in line with several previous research results (Soudani, 2012; Nabizadeh and Omrani, 2014; Harash, 2015). The application of AIS in SMEs can improve the quality of work and overall performance (Nwinee et al., 2016; Nabizadeh and Omrani, 2014). Our results also shed light on the impact of using AIS on cost reduction. Cost efficiency due to the use of an accounting system can be used as a strategy to win price competition (Ha and Teru, 2015). Besides this efficiency, AIS is the right instrument for effective decision making (Onaolapo and Odetayo, 2012). Our discussion leads to the conclusion that SME investment in AIS in the long term will provide many benefits. Apart from being able to repair and protect SME assets, AIS can be a force to face competition in the digital era. Of course, the technological challenge to implement an appropriate AIS is a problem that will always exist but must be taken seriously by every SME. We hope that this finding can be an alternative solution for SMEs in maintaining the sustainability of their industry in the future.

The results of our study have implications for managerial decisions related to achieving maximum performance. Making procedures according to tasks systematically will have a positive effect on the implementation of accounting information systems in SMEs as well as on internal control. Concerns about the impact of internal control on performance degradation can be overcome through task suitability mediation. However, our study has some limitations that addressed in future research. The lack of empirical evidence and literature related to the context of task suitability is expected to lead the next-research which examines this issue in depth. Likewise, the object of research is limited to one province, in future research it can expand the distribution of SMEs that are national and even international so that they can be compared. The analysis in this study did not examine in detail about the indicators and dimensions of each variable, so we hope in future research to deepen the study on this matter. As an alternative for future research, the use of supporting technology media can be added in the context of market digitization.

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