



---

# Proceedings

of

the Universal Academic Cluster

International Summer Conference

in Bangkok



June 2016

SM Tower, Bangkok, Thailand

**Universal Academic Cluster International Summer Conference in Bangkok**

**2 - 3 June 2016**

**SM Tower, Bangkok, Thailand**

UAC Conference Chair

Dr. Banyat Sroysang, Pathumthani, Thailand

UAC Members

Dr. Nistor Filip, "Mircea cel Batran" Naval Academy Constanta, Romania

---

Dr. Jaekeun Park, Hanseo University, Korea

Dr. Kuan Chen Tsai, City University of Macau, Macau

Dr. Pieter Sahertian, Kanjuruhan University of Malang, Indonesia

Dr. Jamie Halsall, University of Huddersfield, UK

Dr. Jun-Juh Yan, Shu-Te University, Taiwan

Dr. Sami Jarboui, University of Sfax, Tunisia

Dr. Vilmos Vass, BKF University of Applied Sciences, Hungary

Dr. Jose Luis Lopez-Bonilla, National Polytechnic Institute, Mexico

Dr. Kanitha Chaowatthanakun, Kasetsart University, Thailand

Dr. Ewa Moliszewska, Opole University, Poland

Dr. Ditz Maskit, Gordon College of Education, Israel

Dr. Tatsu Tsuruishi, Chino City, Nagano, Japan

## Contents

Auditor Quality and Its Influence to Firm Value and Earnings Quality <i>Dodik Juliardi</i> .....	1
<b>The Effect of Women Business Competence and The Utilization of information Technology of Financial Statement Quality (Empirical Study of SMEs in Batu City, East Java)</b> <i>Suparti</i> .....	17
A study on the Socio- Cultural life of the Irulas of Pondicherry (India) <i>Jahanara</i> .....	29
A study on economic transaction of Gond tribe of District Bastar of Chattishgarh, India <i>Alam Ara and Jahanara</i> .....	46
Impact on Academic Self-efficacy in a Problem-based Learning Environment with the infusion of Digital Literacy skills Training <i>Kah Heng Loh</i> .....	61
Assessing the Plasma Nanotechnology in the Bi-Polar® Unit in cleaning the ice machines and reduction in Formaldehyde <i>Nabarun Ghosh, Mitsy Veloz, Mahin Bastamian, Jon Bennert, Jeff Bennert and Chandini Revanna</i> .....	71

# **The Effect of Women Business Competence and The Utilization of information Technology of Financial Statement Quality**

## **(Empirical Study of SMEs in Batu City, East Java)**

Suparti

Department of Accounting, Faculty of Economics, State University of Malang, Indonesia

### **Abstract**

The present study aims to empirically determining the effect of the competence of Women Business Owners (human resources) and the utilization of information technology on the quality of financial statement of SMEs in Batu City East Java. This research was conducted in Batu, East Java, and the respondents were the Women Business Owners of SMEs. In this research, the writer uses purposive sampling method and slovin formula to determine the sample size, so the number of the respondents is 91 respondents. The data used in this research is primary collected by using questionnaire which was given directly to the respondents. The data analysis technique used in this research is multiple linear regressions. Based on the analysis results of this research, the competence of Women Business Owners (human resources) affects the quality financial statement of SMEs in Batu City East Java and the utilization of information technology affects the quality of financial statement of SMEs in Batu City East Java.

**Keywords:** Competence of Human Resources, Utilization of Information, Technology and Quality of Financial Statement

### **A. Introduction**

Growing productive economy business, especially managed by women indicating the growing initiative, care and responsibility from each member of society, so that the effort to improve the welfare is developing. Women's spirit in business needs to be appreciated, because no matter how small the business is, it is very important to the economy and improvement of family welfare. Therefore, through this society-based activity, we need a serious concern from the government.

The minister of Women's empowerment and Children Protection, Linda Gumelar, stated specifically the role of women in building economic stability has a very big impact especially in informal sector. The population of women which is almost the same with men is a very potential human resource for development. Referring to the data from Cooperation and SMEs Ministry in 2012, Linda stated, the data shows that 60 percent of SME business owners are women and in fact, SMEs have resilience in the turbulence of the economy. Based on the above data, the role and contribution of women in development must be taken seriously. This

serious concern is manifested in such way as giving a broader access for women to involve and getting the benefit from various government programs in economic development, such as KUR, PNPM Mandiri program, and other programs.

The dynamics of economic development as a very tight competition, in which we often see that there are productive economy business owners failed in the middle of the way, because they do not have enough skill in managing the business. According to Widhiarningsih (2014) stated that one of the main problems in the productive economy managed by families, is that the lack of capital and management skill. Especially for women who are stay at-home mothers that often mix the business income with the family spendings. Therefore, the capital that must be used for business is used for daily spendings. To answer this problem, women business owners must have a business and financial management education, in which they are taught to manage business finance starting from the capital, business debts and improving their human resources.

Women empowerment efforts in East Java needs to initiate the establishment of business clusters for women productive economy business group. According to Jauhari (2012), stated in his research such as business clusters can be established with the program five main missions, women empowerment, such as: (1) awareness, (2) organization, (3) regeneration assistance, (4) technical support and (5) system management. While the strategy in women productive economy business institution uses mix of cooperation and professional technical strategy. Women empowerment in East Java such as by doing various efforts to improve economic life, social and cultural aspects of the women. Therefore, we need motivation and appropriate strategy by empowering them. Women are not only development object, but have to be able to be the subject, as well as the development actors.

In the other hand, culinary business is one of the business fields that can stand in the middle of economic crisis in Indonesia. It is because each individual need food to survive. Diversification and modification of food varieties become one of the potentials that can be developed by culinary SMEs, especially food that promotes traditional taste, which directly or indirectly promoting the area.

One of the Information Technology (IT) utilizations is promoting a business to the public. Limited time of the business person to run the business is one of the main obstacles to improve their business, and the rising of IT becomes a way out to overcome this limited time problem. According to Nardy (2010) to anticipate the globalization impact, the business women understanding on IT utilization must be improved. The obstructing factors of the

underdevelopment of IT among business women in the SMEs is the minimum information about IT, little chance and access of women in getting education and trainings related to IT and socio-cultural obstacles that still see women as an incapable subjects to work in technology field and still perceived to be better stay at home. The effort of integrating It and women in small business world have to be taken seriously by the government.

In the other hand, Financial Statement give an important financial information for the success of SMEs, but the result of initial field survey shows that there are still many SMEs that still not utilize it. In the effort of developing SMEs, the biggest problem is the low education and the lack of business skill among the business owners (human resources) in writing financial statement of their business. SME does not use effective accounting method so the business management is not clearly seen. Financial statement is the review of the financial transactions in a particular fiscal year. Financial statement is write by the management or the business owner for SMEs for the purpose to obtain information about their business' financial condition. A quality financial statement can give financial information which is understandable, relevant, reliable and comparable (Damaryanti, 2008).

In practice, a good financial statement will give accounting information needed in the business development and very profitable for the business owners. The utilization of accounting information motivates SMEs in preparing the good financial statement and then used to attract investors. Information related to business condition especially SME's financial condition will be the main consideration for the potential investors to decide whether to accept or reject the investment. The increasing number of accounting software mastered and used by SME's is expected to make SMEs able to make business financial transaction report and can present a more understandable financial statement by the third parties for the purpose of receiving fundings.

Women business owners (human resources) is the human capital n an organization. Human Capital are knowledge, skill and abilities of a person that can be used to create a professional service and economic rent. *Human capital* is the source of innovation and ideas. (Nurillah dan Dul, 2014).

The benefits of IT such as the fast transaction process and report preparation, calculation accuracy, data storage in large quantity, lower processing cost, multiprocessing capabilities. The constraints of the Information technology such as hardware condition, software used, data update, existing human resources condition, and limited fundings



(Soimah, 2014). The existing information technology does not or has not been utilized optimally therefore the technological implementation becomes a waste and getting more expensive.

Praditya (2014) explained that most human resources in SMEs in Indonesia which is 5 percent, the education level is still low, the government is developing the quality and competence of the SMEs. According to Hamdy (2014), the development of SMEs has a limitation in the terms of human resources and technological implementation as well as limited information.

Previous research by Ihsanti (2014) showed that the human resources competence has a positive significant influence on the quality of financial statement. The result of Nurillah and Dul's (2014) research showed that the higher the human resources competence, the higher the quality of financial statement. Wati, et al (2014) stated in their research that human resources competence have a positive significant influence on financial statement, more competence the human resource, the better th quality of the financial statement.

The result of the research by Nurillah and Dul (2014) shows the utilization of information technology that has positive significant influence on the financial statement quality, it shows that the higher the utilization of information technology, the higher the influence on the financial statement. Roshanti, et al. (2014) stated in her research that information technology utilization has an influence on financial statement quality. Soimah (2014) also stated that the utilization of information technology has an influence on financial statement. It means that the better the utilization of information technology, the better the financial statement quality.

Based on the above bacground, the researcher is interested in examining the SME in the field of traditional Food in Batu City, East Java. Most Small and Micro Enterprises in the field of traditional food owned by womenn. This research aims on reviewing women competence as the owner as well as the business manager towards their responsibilities to rite financial statement. The competence of the business owners as human capital is seen from knowledge, skill, and capabilities that can be used to produce professional services and economic rent. The competence of women business owners are their capabilities in utilizing information technology such as the acceleration of transaction process and statement preparation, calculation accuracy, data storage in a huge amount, ower processing cost, multiprocessing capabilities.



## **B. Theory Review and Hypothesis Development**

### **1. Financial Statement**

Financial statement according to Munawir (2004:2) is "Financial statement is essentially the result of the accounting process that can be used as a communication tool between financial data or the activity of a company with the stakeholders of the data or activities of that particular company." While according to Financial Accounting Standard PSAK No. 1 (IAI:2004:04) stated that: Financial statement is a periodical statement written according to the accepted accounting principles generally about the financial status of an individual, association or business organization consist of balance, profit and loss report, equity changes report, cash flow report, and notes on financial statement. "Financial statement is a part of financial reporting process. A complete financial statement including: balance, profit and loss report, equity changes report (presented in various ways such as cash flow report, or funding flow report), and notes on financial statement. Financial statement is a transaction record and review as well as reporting that can give information for the users. As we know, information is the processed data so that it can be used to make a decision. The right information will be useful in making various decisions.

Financial statement is the review of the financial transactions happened during the current fiscal year. Financial statement is written by management for the purpose of taking responsibilities of the tasks given by the business owner (Darmayanti, 2008).

### **2. Financial Statement quality based on SAK ETAP**

According to the Board of Financial Accounting Standard (Dewan Standar Akuntansi Keuangan/DSAK) from the Indonesian Accounting Association (Ikatan Akuntansi Indonesia/IAI) the information presentation of financial statement for SME based on SAK ETAP (2009) is:

#### **a. Fair presentation**

Financial statement presents fairly the financial position, financial performance, cash flow of an entity. Fair presentation requires honest presentation of transaction effects, events and other conditions relevant to the definition and the criteria of asset acquisition, liability, revenue and burdens.

#### **b. Observance towards SAK ETAP**

An Entity whose financial statement meet SAK ETAP must issue an explicit and unreserved statement about that observance in the note on financial statement. Financial

statement must not stating that it observes SAK ETAP unless if it observes all requirements in SAK ETAP.

c. Business Continuance

In writing financial statement, management that uses SAK ETAP make an assessment on the entity's capabilities in continuing the business. This entity has a business continuance if the management is trying to liquidate the entity or stopping the operation, or doesnot have realistic alternative unless performing the above operations.

d. Reporting frequency

An entity presents a complete financial statement (including comparative information) minimum once a year.

e. Complete financial statement

An entity's financial statement including: (1) balance sheet; (2) loss and profit report; (3) equity change report that also shows; (4) cash flow report; and (5) notes on financial statement.

Complete financial statement means that an entity's financial statement must present minimum two periods of each financial statement required and notes on related financial statement. In a financial statement, an entity presents each financial statement with same benefit.

### 3. The influence of human resources competence on financial statement quality

Women business owners (human resources) is the human capital in an organization. Human capital is a form of capital that creates income and useful outputs in long term period. Human capital cannot be separated from knowledge and/or asset value in a company (Becker, 1993).

*Human capitalis* one's knowledge, skill and capabilities that can be used to produce professional service and economic rent. Human capital is the source of innovation and ideas. Business person/employees with a higher human capital have a potential to give consistent service and high competence. (Nurillah dan Dul, 2014).Ihsanti (2014) result shows that human resources competence have a significant positive influence on the financial statement quality. The more competence the human resources, the better the quality of the financial statement. The research of Nugraha and Ika (2014) proves that human resources competence has influence on financial statement quality, the better the competence of the human

resources especially in the field of financial or that writes the financial statement, the better the financial statement quality. Nurillah and Dul (2014) shows that human resources competence has significant positive influence on financial statement, the higher the human resources competence, the better the financial statement quality. Wati, et al (2014) shows that human resources competence has significant positive influence on financial statement, the more competence the human resources, the better the financial statement quality. Based on the theoretical basis and previous research, the researcher stating a hypothesis as follow:

H1 : Human resources competence influence the financial statement quality.

#### **4. The influence of information technology utilization on financial statement quality**

Information technology, or known as IT, or infotech, in Oxford English dictionary (OED2) second edition defines the information technology as hardware and software, and in them including network and telecommunication that usually used in the business context. Information technology not only limited to computer technology (hardware and software) that will be used to process and store information, but also including communication technology to send/spread information. Information technology combines computer and communication in the form of data, voice or video in the implementation in the form of pc, handphone, mobile gadget, television etc. (IrwansyahdanJuk, 2014).

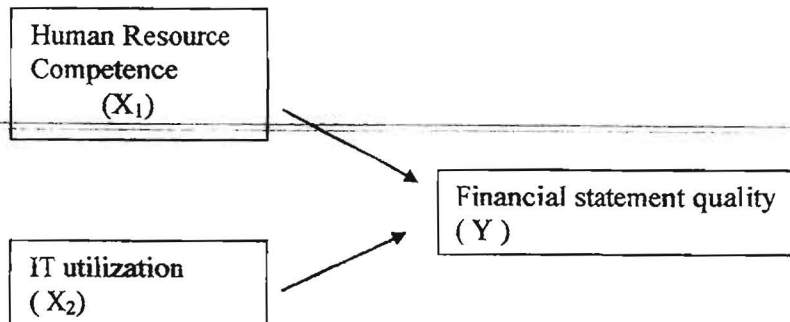
Nurillah and Dul (2014) shows the information technology utilization has positive significant influence on financial statement quality, it shows that the higher the utilization of information technology, the better the influence on financial statement quality. Roshanti, et al. (2014) in their research shows that information technology utilization hhas an infuence on financial statement quality. The result of the research by Soimah (2014) shows the same thing. It means that the better the utilization of information technology, the better the financial statement quality. Based on the tehoretical basis and the previous research results, the researcher stating the following hypothesis.

H2 : The utilization of information technology influence the financial statement quality.

#### **C. Methods**

The population of this research is the Traditional Food SME business owners in Batu City, East Java. Based on the data of Cooperation and SME Department of Batu City in 205, there are 721 SMEs. The sample used for this research is traditional food SMEs owned by women in Batu which is 91 businesses. The data collection is performed using direct

questionnaire. To test the hypothesis of this research, the researcher uses double regression, data processing using SPSS 16. The relation between variables can be portrayed as the following figure.



**Figure 1. Relations between independent and dependent variables.**

In which:

$X_1$  = Human resources competence

$X_2$  = Information technology utilization

$Y$  = Financial statement quality

#### D. Results and Discussions

##### 1. Hypothesis test results

The result of the data processing using SPSS from the hypothesis testing can be seen in table 1 as follows.

**Table 1. Hypothesis testing result**

Variable names	Regression coefficient	t - Statistic	Si g.
<i>Constant</i>	26,725	8,240	0.000
Human resources competence	0,493	4,911	0.000
Information technology utilization	0.285	3,448	0.001
<i>Adjusted R Square</i> 0,388			
F calculation	24,158		
Sig.	0.000		

Source: Primary data processed by SPSS.

From the above hypothesis testing, it can be seen that the coefficient value of the independent variable of Human resources competence has positive value, which is 0.493 with significance value of 0.000 or significance value  $<0.05$ . It means that the first hypothesis

“Human resources competence influence the financial statement quality” is accepted. From this analysis result, it shows that human resources competence (women business owners) has positive influence on the quality of financial statement of SMEs in Batu City, East Java.

The coefficient value of the independent variable of IT utilization has positive value of 0.285 with significance value of 0.001 or significance value  $<0.05$ . It means that the second hypothesis which is “The Information technology utilization influence the quality of financial statement” is accepted. From this analysis result, it shows that information technology utilization has positive and significant influence on financial statement quality of SMEs in Batu City, East Java.

Based on the determination coefficient value (adjusted R square) which is 0.388, it means that 38.8 percent variation of the magnitude of financial statement quality can be explained by the human resources competence and IT utilization variation, while the rest 61.2 percent is explained by other variables other than the research model. Seen from F calculation is 24.158 with significance value of 0.000, therefore the significance value  $<0.05$ , so it can be concluded that this research model is worth or can be used to predict the influence of human resources competence and IT utilization simultaneously on financial statement quality of SMEs.

## 2. Discussion

From hypothesis testing result it can be seen that the coefficient value of the independent variable of Human resources competence is positive which is 0.493 with significance value of 0.000 or significance value  $<0.05$ . From that testing result, it shows that the human resources competence (women business owners) has positive influence on financial statement quality of SMEs in Batu City, East Java. It means that human resources (women business owners) of the Traditional food who have better competence can create innovation and ideas in writing their businesses' financial statement so that they can present high quality financial statements.

This research is relevant with previous research by Ihsanti (2014) that shows the human resources competence has positive significance influence on the financial statement quality. The higher the human resources competence, the better the financial statement quality. The research by Nugraha and Ika (2014) also proves that human resources competence has influence on financial statement quality, therefore, the better the human resources competence especially in terms of finance or those who write financial statement, the better the financial statement quality. Nurillah and Dul (2014) shows that human resources



competence have positive significant effect on financial statement, the higher the human resources competence, the better the financial statement quality. Wati, et al. (2014) also stated the same.

From hypothesis testing above, it can be seen that the coefficient value from independent variable of IT utilization has positive value which is 0.285 with significance value of 0.001 or significance value < 0.05. From the testing result, it shows that Information Technology utilization has positive and significant effect on financial statement quality. It means that Human resources (women business owners) of traditional food SMEs that uses information technology will be easier in processing financial data of their business and the writing of financial statement so they can produce high quality financial statement.

This result is in compliance with the previous research performed by Nurillah and Dul (2014) shows that information technology utilization has positive significant influence on financial statement quality. It shows that the higher the information technology utilization, the better the financial statement quality. The result of research by Roshanti, et al. (2014) shows that information technology utilization has influence on quality of financial statement. Therefore, the higher the information technology utilization, the better the financial statement quality.

## **E. Conclusions and Suggestions**

### **1. Conclusions**

This research aims on reviewing women competence as business owners as well as managers on their responsibilities to write financial statement. The competence of women business owners as human capital is seen from knowledge, skill and capabilities aspects that can be used to produce professional services and economic rent. Other women business owner competence is their capabilities in utilizing information technology such as transaction process acceleration and report preparation, calculation accuracy, data storage in huge amount, lower processing cost, multiprocessing capabilities. Based on the result of the research, it can be concluded that:

- a. Human resources competence (women business owners) have influence on SMEs financial statement quality in Batu City, East Java, It means that the better the human resources competence, the better the SMEs financial statement quality.
- b. Information Technology Utilization influence financial statement quality of Traditional food SMEs in Batu City East Java. It means that the higher the utilization of information technology, the better the SMEs financial statement quality.

## 2. Suggestions

This research has several limitations, such as: (1) only uses independent variables human resources and information technology utilization therefore there are many other variables influencing the financial statement quality; (2) data collection uses only questionnaire; (3) samples used in this research is women human resources (business owners) of SMEs so that it has different characters than men. Based on the research and the existing limitations, the researcher suggests that:

- a. The future researcher is suggested to add other independent variables influencing financial statement quality.
- b. Future researchers are suggested to use direct interview with human resources (business owners) to complete data collection with questionnaire so that the data collected is more natural.
- c. Future researchers are suggested to use male human resources (business owners) sample so that the research will find different characters.

## References

- Becker, Gary S. 1993. *Human Capital*. Chicago: The University Of Chicago, Press. Ltd.
- Darmayanti, Yeasi. 2008. *An Analysis of Financial Statement. Book I*. Padang: Bung Hatta University Press
- Ghozali, Imam. 2013. *The Application of Analysis Multivariate by IMB SPSS 21 Program*. Semarang: Universitas Diponegoro Press.
- Gibran, Ramadhan. 2013. *Definition of Financial Statement and Expert Says*. Online accessed on April 26 2013 from <http://gibran-deleonardo.blogspot.co.id/2013/04/pengertian-laporan-keuangan.html>
- Hamdy, M Zeet. 2014. *The Empowerment of Cooperation is Part of Development Progra*. Online accessed on March 9 2015 from <http://www.antarasumbar.com>
- Irwansyah, Edy and Juk V., Moniaga. 2014. *Introduction of Information Technology*. Yogyakarta: CV Budi Utama.
- Indonesia Accountant Association. 2009. *Etity Financial Accounting Standard Without Public Accountability*. Jakarta: DSAK IAI



- Ihsanti, Emilda. 2014. *The Effect of Human Resource Competence and Implementation of Local Financial Accounting System (Empirical Study on SKPD Kab. Lima Puluh Kota)*. Accounting and Business Journal of State University of Padang
- Nardy. 2010. *The role of Communication and Information Technology in Daily Live* .Online nardyberkomunikasi.wordpress.com/.../peranan-teknologi-informasi-...accessed on December 22 2011
- Nurillah, As SyifadanDulMuid. 2014. *The Effect of Human Resource Competence, Implementation of SAKD, Utilization of TI and SPI on the Quality of Local Government Financial Statement*. E-Journal UNDIP Vol 3 no. 2.
- Nugraha, Arvian Triantoro dan Ika Famela Kurnia. 2014. *The Effect of Employees Competence and Organizational Commitment on SKPD Financial Statement Quality in Bandung*. The Journal of Performance Discourse of State Administrative Institution. Vol. 17 No. 2
- Praditya, Ilyas Istianur. 2014. *The Low Quality of Human Resource As Obstacle Factor in Developing SME*. Online accessed on 9 March 2015 from <http://bisnis.liputan6.com>
- Roshanti, Arina, Edy Sujana and Kadek Sinarwati. 2014. *The Effect of Human Resource Quality, Information Technology Utilization, and SPI on Financial Report Value of Local Government*. Accounting E-Journal Universitas Pendidikan Ganesha
- Soimah, Siti. 2014. *The Effect of Human Resource Capacity, Information Technology and SPI Utilization on Financial Report of Local Government in Bengkulu Utara*. Accounting Journal Faculty of Economics and Business University of Bengkulu.
- Jauhari. A. 2013. *Strategy of Women's Empowerment through Group Approach and Productive Business Diversity*. KOMINFO: Jawa Timur 3 January 2013
- Wati, KadekDesiana, NyomanT, Herawatidan Ni K Sinarwati. 2014. *The Effect of Human Resource Competence, Implementation of SAP, and SAKP on the Quality of Financial Report of Local Government*. E-Journal Universitas Pendidikan Ganesha Vol.2 No. 1
- Widianingsih. 2013. *Women's Empowerment through Economic Resilience (Poktan UPPKS)*. Online [bkbppkuningan.blogdetik.com/.../pemberdayaan-perempuan-melalui...](http://bkbppkuningan.blogdetik.com/.../pemberdayaan-perempuan-melalui...)accessed on January 31 2013