

CONTINGENCY FACTORS IN MANAGEMENT ACCOUNTING PRACTICES IN MSMEs IN THE FOOD SECTOR IN CENTRAL JAVA

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Abstract. *The Covid-19 pandemic impacts a business's increasing environmental uncertainty. Amid this condition, as one of the pillars of the country's economy, MSMEs must have high business quality and competitiveness. With good management accounting practices, MSME owners will have sufficient information relevant to their business. This certainly impacts the higher and more right decisions by managers or business owners. Therefore, it is essential to investigate what contingency factors affect management accounting practice. The object of this study is SMEs in the food sector in Semarang. The hypothesis test used is multiple linear regression. The results of this study indicate that environmental uncertainty and information technology positively affect management accounting practices. For market competition and*

accounting, training is not proven to affect management accounting practice significantly.

Abstrak: Pandemi Covid-19 berdampak pada meningkatnya ketidakpastian lingkungan bagi suatu bisnis. Di tengah kondisi tersebut, sebagai salah satu penopang perekonomian negara, UMKM harus memiliki kualitas usaha dan daya saing yang tinggi. Dengan praktik akuntansi manajemen yang baik, pemilik UMKM akan memiliki informasi yang cukup relevan dengan usahanya. Hal ini tentu saja berdampak pada keputusan yang lebih tinggi dan sah yang diambil oleh manajer atau pemilik usaha. Oleh karena itu, penting untuk menyelidiki faktor kontinjensi apa yang mempengaruhi praktik akuntansi manajemen. Objek penelitian ini adalah UMKM bidang makanan di Jawa Tengah. Uji hipotesis yang digunakan adalah regresi linier berganda. Hasil penelitian ini menunjukkan bahwa ketidakpastian lingkungan dan teknologi informasi berpengaruh positif terhadap praktik akuntansi manajemen. Untuk persaingan pasar dan pelatihan akuntansi tidak terbukti secara signifikan mempengaruhi praktik akuntansi manajemen.

Keywords: *Management Accounting Practice, MSMEs, Central Java*

Kata kunci: *Praktik Akuntansi Manajemen, UMKM, Jawa Tengah*

INTRODUCTION

Management accounting practice can be defined as a process of sorting, recording, calculating, and a deeper understanding and delivering financial information to be used as a basis for managers in making decisions within a company (Simamora, 2013). The use of management accounting information may not show benefits in the short term, but the impact will be felt in the long term (Harahap & Ainsyah, 2017). Good management accounting practices are also proven to increasingly support the achievement of going concern for a business (Kurnia, 2015). Going concerned will ensure a company can survive and develop its business.

Accounting records and the use of financial information themselves are still relatively low in MSMEs (Kurniawanysah, 2016). The common use of management accounting practices in MSMEs is partly due to the

assumption that it is just a waste of time and only adds to costs if it is done. MSMEs with a low level of management accounting practice will also have a low level of market competition. This is because Management Accounting Practices have an important impact on strategic decision making which also has a major impact on increasing competitiveness in the market competition (Oboh & Ajibolade, 2017).

Given the importance of management accounting practices for the advancement and rapid growth of MSMEs, it is essential to dig deeper into what factors can increase management accounting practices in a business or company. Contingency factors used in this study include environmental uncertainty. Several studies on the effect of environmental uncertainty on management accounting practices still show inconsistencies. Environmental uncertainty has been shown to have a positive effect on management accounting practices (Putri et al., 2018), (Sumkaew & Intanon, 2020), (Pusparini et al., 2020). However, several other studies have also stated that environmental uncertainty does not affect management accounting practices (Erserim, 2012), (Melania et al., 2021).

The second contingency factor examined in this study is market competition. The higher level of market competition will also have an impact on increasing management accounting practices (Putri et al., 2018), (Ramli & Iskandar, 2014), (Pusparini et al., 2020). On the other hand, studies also state that market competition does not affect management accounting practices (Erserim, 2012).

The third contingency factor examined in this study is information technology. The increasing advances in information technology will also impact increasing management accounting practices in a company (Azudin & Mansor, 2018), (Sweetenia, 2018). On the other hand, there are also studies that information technology does not affect management accounting practices, especially related to the quality of the management accounting system (Rohmah, 2017).

Another contingency factor related to the management accounting practice is training, financial records, and accounting. With the financial recording and accounting training, it is hoped that it will open up more insights about the importance of accounting to impact increasing management accounting practices.

This study uses MSMEs in the food sector as the object. MSMEs in the food sector in Semarang are interesting to study. Considering that MSMEs in the food sector are the largest MSME sector in Semarang. The development of MSMEs in Semarang's food sector is growing rapidly; evidence of this growth can be seen from the increase from 2018 to 2019 of 19.94%. In addition, from 2019 to 2020, the food sector also increased by 1.36% (Diskominfo, 2022). This study is important considering that there has not been much research on management accounting practices in MSMEs in the food sector. Also, not many studies have examined the

contingency factors of accounting training in management accounting practices.

THEORETICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT

Contingency Theory

Contingency theory is one of several theories that can be studied in accounting science. According to Chenhall (2003) cited by Abdel-Kader & Luther (2008), contingency theory has provided a convenient theoretical framework for various studies of organizational structure and behavior. No management accounting system can be applied generally to all types of companies (Pusparini et al., 2020). The best management accounting practice that can be applied to a business depends on its circumstances or factors.

Management Accounting Practice

Management accounting is a financial information processing system where this financial information will be very useful for the company's internal parties (Firmansyah et al., 2020). This management accounting will provide information about the company's product costs and other matters that will be very useful for managers to plan, make decisions and evaluate actions taken. Management accounting can also quickly identify changes in circumstances or conditions when the company's operations are running (Hiebl, 2018). In addition, good management accounting practices impact and greatly support a company's long-term achievement (Harahap & Ainsyah, 2017).

Environmental Uncertainty

Environmental uncertainty is not accurately predicting all conditions in the company's environment (Safrizal, 2013). To deal with environmental uncertainty, the company needs sufficient accurate information (Doembana et al., 2017). Sufficient, detailed, and accurate information is required to survive and achieve a company's long-term goals. The existence of good management accounting practices will provide sufficient, appropriate, and accurate information for managers. Therefore, the decisions taken by managers become more reliable. Higher environmental uncertainty will encourage higher management accounting practices (Putri et al., 2018), (Sumkaew & Intanon, 2020), (Pusparini et al., 2020).

H1: Environmental uncertainty has a positive effect on management accounting practices.

Market competition

The increasing number of competitors in the same field will encourage business actors to improve their business management strategies in marketing and the product itself. With the high level of market competition and the support of management accounting practices, these business units' performance will increase (Widodo, 2012). When facing a high level of competition, managers need accurate, complete, and reliable information to make important decisions. Therefore, the higher the level of market competition, the more it will encourage the practice of management accounting in MSMEs (Putri et al., 2018), (Ramli & Iskandar, 2014), (Pusparini et al., 2020).

H2: Market competition has a positive effect on management accounting practices.

Information Technology

The increasingly rapid economy and high market competition will encourage the rapid development of sophistication in information technology. Information technology will be able to simplify all complex company activities (Rayuwati, 2016), (Indah et al., 2021). Positive technological developments also impact accounting development (Asmara & Ditriani, 2017). Management accounting practices that can compete at local and global levels require the support of sophisticated information technology (Dahal, 2019). It is undeniable that management accounting practices are strongly influenced by the existence of information technology (Lebedev, 2014). The development of higher information technology will increasingly encourage higher management accounting practices, too (Sweetenia, 2018), (Azudin & Mansor, 2017).

H3: Information Technology has a positive effect on management accounting practices.

Accounting Training

Accounting training is organized by institutions outside formal education, such as schools or colleges. The accounting training that a manager has attended will certainly impact the manager's profile. This manager profile is also a contingency factor that will impact a company's management accounting practices (Ghorbel, 2019). Manager profiles can be seen from age, training that has been followed, and experience. High accounting training for managers will have an impact on management accounting practices, especially the use of more modern management accounting tools

H4: Accounting training has a positive effect on management accounting practice.

RESEARCH METHOD

This research type is quantitative research. Data collection techniques using a questionnaire. The independent variables in this study are environmental uncertainty, market competition, information technology, and accounting training. The dependent variable in this study is the practice of management accounting. The population in this study is MSMEs in the food sector in Semarang, Central Java, Indonesia. From the total population, samples were obtained from distributing questionnaires using a random sampling technique of 170 respondents from a total of 200 questionnaires distributed to MSMEs actors. The questionnaire distributed to the respondents was based on several previous studies, which are contained in the following table of operational definitions:

Table 1. Variable Operational Definition

Variable	Measurement	Scale
Environmental Uncertainty	Information, Customers (Sumkaew & Intanon, 2020).	Likert 1-5
Market Competition	Market Segmentation, Product Differentiation (Pusparini et al., 2020).	Likert 1-5
Information Technology	Changes in Information Technology (Asmara & Ditriani, 2017).	Likert 1-5
Accounting Training	Accounting Knowledge, Accounting Training (Ghorbel, 2019).	Likert 1-5
Management Accounting Practice	Planning, Performance Control, and Performance Assessment (Firmansyah et al., 2020).	Likert 1-5

RESEARCH RESULT AND DISCUSSION

Table 2. Descriptive Statistics

Variable	Min	Max	Mean
Environmental Uncertainty	22	53	41.14
Market Competition	11	25	19.79
Information Technology	5	25	19.45
Accounting Training	8	20	15.96
Management Accounting Practice	6	30	20.26

Based on the 170 respondents, the average respondent realized that recently environmental uncertainty was quite high, as proven by the average value of 41.14. On average, respondents also answered that

market competition is quite high, above the minimum value of 11. The use of information technology in MSMEs in the food sector is in the high category, considering the mean value is 19.45. Far above the minimum value, which is 5. The mean value of accounting training and management accounting practice is quite high, in the range of 15.96 and 20.26.

Table 3. Validity Test Results

Variable	Instrument description
Environmental Uncertainty	Valid
Market Competition	Valid
Information Technology	Valid
Accounting Training	Valid
Management Accounting Practice	Valid

All indicators and questions on the questionnaire in this study, both dependent and independent variables, fulfilled the validity test.

Table 4. Reliability Test Results

Information	Cronbach Alpha	Conclusion
Environmental Uncertainty	0.820	Reliable
Market Competition	0.840	Reliable
Information Technology	0.935	Reliable
Accounting Training	0.838	Reliable
Management Accounting Practice	0.856	Reliable

Table 4 above shows that the reliability test in this study is fulfilled, considering the Cronbach alpha value is greater than 0.70.

Table 5. Normality test result

	Unstandardized Residual
N	170
Kolmogorov-Smirnov Z	1.000
Asymp. Sig. (2-tailed)	.270

Table 5 above shows that the normality test in this study was met with the Kolmogorov Smirnov value of 0.270 greater than 0.05.

Table 6. Multicollinearity test result

Variable	Variance Inflation Factor	Tolerance	Conclusion
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KL	1.315	.760	Fulfilled
PP	1.334	.750	Fulfilled
TI	1.230	.813	Fulfilled
PA	1.174	.852	Fulfilled

The multicollinearity test in this study was fulfilled with the VIF (Varian Inflation Factor) value not exceeding ten and the tolerance value <1.

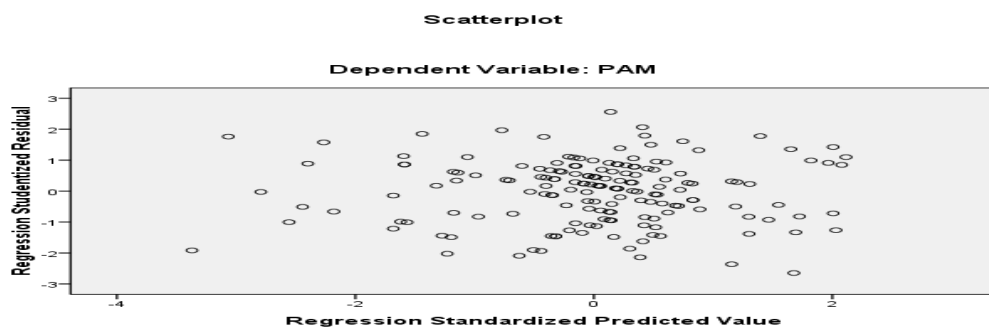


Figure 1. Heteroscedasticity test results

Based on figure 1, it can be seen that the heteroscedasticity test has spread widely from the test results.

This study used a regression test to test the hypothesis in this study. The results of the regression test in this study can be seen in the following:

Table 7. Regression test result

Information	Hypothesis	B	Sig.	Conclusion
Environment Uncertainty	Positive Significant	.155	.026	Accepted
Market competition	Positive Significant	.076	.553	Rejected
Information technology	Positive Significant	.525	.000	Accepted
Accounting training	Positive Significant	-.064	.631	Rejected

The hypothesis test for the environmental uncertainty variable was accepted. It was proven from the significance value of 0.026 below 5%. Environmental uncertainty had a positive effect on management accounting practices. These results align with research conducted by Sumkaew & Intanon (2020) and Pusparini et al. (2020).

Market competition was not proven to affect management accounting practices positively, and this can be seen from the results of

the significance test of 0.553. The higher market competition will not affect the higher management accounting practices (Erserim, 2012).

Information technology has been shown to affect management accounting practices positively. Based on the results of the regression test, it is known that the significance value is 0.000 below 0.05. The more sophisticated information technology will also encourage management accounting practices (Azudin & Mansor, 2018), (Sweetenia, 2018).

CONCLUSION

The Covid-19 pandemic creates a higher business environment uncertainty. Therefore, MSMEs must apply management accounting to have sufficient relevant financial and non-financial information for strategic business decisions.

Several contingency factors used in this study affect management accounting practices. Therefore, it is very important to be able to find out what factors are relevant to management accounting practices in MSMEs so that they can improve MSME's performance. Therefore, the performance and competitiveness of MSMEs in Indonesia will be higher.

This study shows that environmental uncertainty and information technology positively affect management accounting practices. If, at present and in the future environmental uncertainty increases and information technology is getting more sophisticated. Then MSMEs that want to progress and always develop cannot be left behind in management accounting practices in their business, especially with modern management accounting tools that will make it even better.

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