

The Effect of Executive Participation on the Development of MSME Information Technology in Surakarta

Hernawati Pramesti¹, Mujiyono²

^{1,2}Solo Christian University of Technology

ABSTRACT: The development of IT (Information Technology) management is influenced by the involvement of owners, owner participation, owner background, and company conditions, this is a factor that affects the progress of IT management. The purpose of this study is to find out: Owner participation factors affect the progress of IT management in MSMEs in Surakarta. The ownership involvement factor affects the progress of IT management in MSMEs in Surakarta. The condition of the owner's organization affects the progress of IT management in MSMEs in Surakarta. The owner's background factor affects the progress of IT management in MSMEs in Surakarta. The factors of participation, involvement, conditions, and background of the owner affect the progress of IT management in MSMEs in Surakarta. The MSME research population in Surakarta is 40 MSMEs. Data was collected through questionnaires. Data analysis used t-test and F-test techniques.

The conclusions of the research results are: (1) The variable of owner participation is proven to have no influence on the variable of information technology development. (2) The variables of owner involvement affect the variables of information technology development. (3) The variables of organizational conditions have no effect on the variables of information technology development. (4) The background variable of the owner has no effect on the variable of information technology development. (5) The results of the independent variables together have no effect on the dependent variables.

KEYWORDS: Excecutive participation, information technology, MSME

INTRODUCTION

MSMEs in their activities for smooth business operations, it is important to utilize IT, while IT can run optimally, effectively, and efficiently depending on the individuals who develop and utilize existing IT. The development of IT management is influenced by the involvement of the owner, the participation of the owner, the background of the owner, and the condition of the company, which are factors that affect the progress of IT management.

Owner participation is described as real behavior and activities both energy and time spent, while owner involvement is described as the owner's psychological statement related to IT is a level that shows the extent to which the owner views IT as important for the success of the organization therefore the owner needs a broad insight into IT.

The owner's ability can be used in relation to the condition of MSMEs, in this case related to the financial condition of MSMEs, while the owner's background is related to the knowledge and experience possessed by the owner so that it can support activities carried out by utilizing information technology in the workplace.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

1. LITERATURE REVIEW

a. Owner Participation

Edhy Sutanta (2019) argues that participation is decision-making as a result of discussion and agreement between the two parties, namely the process of making future policies, the participation of this owner is needed in the processing of resources so that IT is used appropriately.

Steers (in Kuntjoro, 2002) wrote that there are three main factors for owner participation in the organization, namely:

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1). Identification

Identification is an indicator of employee trust in the organization, which can be developed through adjusting organizational goals to align with individual employee aspirations. This approach has the potential to create a constructive mutual relationship between the two.

2). Engagement

Employee involvement in various work activities needs attention, because active participation encourages them to cooperate positively, both with their superiors and colleagues.

3). Loyalty

Employee loyalty to the organization means that there is a willingness on the part of the individual to maintain his attachment to the organization, even if it means sacrificing personal interests, without expecting any reward or return from the organization.

The conclusion of participation is the decision-making steps taken by two parties, namely the future decision-making process, for policymakers in a company.

b. Owner Involvement

GeorgeSchell (2013) argues that an owner's involvement in IT can play a role as the Chief Information Officer in suggestions:

- 1). Provide time for business or business training
- 2). Create partnerships or information networks in other companies.
- 3). Focus on improving basic business processes to be more advanced.
- 4). Building trust with internal/external parties.
- 5). Not defensive (defensive).

The ability of the owner is indispensable in acting the IT function in the company to make it easier to make tasks better, the owner because it can support operational needs and increase the advantage in sharp and tight competition.

Robbins (in Prayitno, 2005) stated that the factors that cause the involvement of the owner are the characteristics of the individual themselves which include:

- 1). Age, As one gets older, a person's productivity level tends to decrease.
- 2). Compatibility between personality and work
- 3). Job satisfaction level

c. Organizational Conditions

Greenhalgh and Rosenblatt (in Sugiarti, 2006) state that the condition of the company is determined by two aspects:

1). Working environment. The work environment as a depressive aspect is divided into two:

a). The physical environment encompasses various aspects of workplace conditions that can directly affect employee satisfaction and comfort levels, such as spatial design, the equipment and work procedures used, and the lighting systems available.

b). The psychic environment includes a variety of situations that have the potential to cause mental distress. The impact of this work environment can be positive or negative, depending on how the individual responds or deals with it.

2). Conditions outside the work environment. Conditions outside the work environment can be a source of stress, it can also be said to be a pressure in employees' personal lives, which ultimately has an impact on their productivity levels. Generally, the pressure arises due to fundamental changes that occur Individual life.

d. Owner's Background

Wulandari (2021) argues that the owner's background is related to the knowledge and experience possessed by the owner's personal so that it can support the activities carried out to be able to utilize IT in the workplace. Personality Owner by George Schell (2013) is a collection of characteristics and individual perspectives that play an important role in shaping their lifestyle and become a differentiator between one person and another. A person's personality tends to be consistent when facing various situations. Thus, personality can be interpreted as the overall characteristics of an individual. A person's behavior is determined or is the result of his personality as well as the environment.

Research that states that individual or behavioral aspects determine the transformation of new technologies has been widely done. George Schell (2013) said that a person tends to use a computer if he believes that its use will provide benefits or positive results. Individual personality is the main factor in determining behavioral responses to the dynamics of environmental changes.

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Safari (2006) states that education and globalization encourage people to identify and find symmetrical points so that we can bring together two seemingly paradoxical things, namely national education with national and global implications.

e. Information Technology Management

Jogiyanto (2018) stated that the role of Information Technology (IT) in the information system is no longer limited to collecting and processing data in the form of financial statements alone, but has developed into an information provider that supports managerial needs. In relation to the role of IT and information systems, they are divided into three types, namely:

- 1) Information from data collection is a type of information obtained through the data accumulation process, which is useful for superiors to assess and evaluate the performance of their subordinates.
- 2) Attention-directing information is information that functions to assist management in focusing attention on issues or problems that deviate from the expected conditions.
- 3) Problem-solving information is information to help the owner in making decisions about the problems faced.

The development of Computer-Based Information Systems has undergone significant changes in recent years. Rockart and Flanery (in Fahmie, 2013) stated that the growth rate of IT computer use in companies ranges from 50% to 90% per year. Benjamin (in Fahmie, 2013) stated that this situation directly affects the work pattern of the Information System and further encourages the need for adjustments in the procedures and techniques used by auditors (owners) in carrying out attestation tasks.

Tjahjanto (2002) argues that the main benefit of IT implementation is the emergence of various transparent initiatives towards improving access to global competition and improving livelihoods more quickly, efficiently and reliably. The impact of IT change is stated by Murphy and Parker (in Fahmie, 2013) who state that there is a change in tradition in the form of reduced written evidence. Owners need to have a good understanding of routine access to the system, authorization mechanisms, and organizational structure of the system. In addition, understanding how the system works in carrying out the calculation process (computing) is very necessary. In addition, general knowledge about networking, database management, software used, operating systems, and the selection of appropriate hardware is also required.

f. Micro, Small and Medium Enterprises (MSMEs)

In accordance with Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs):

- 1). Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria of Micro Enterprises as regulated in this Law.
- 2). Small Business is an independent productive economic enterprise, carried out by an individual or business entity that is not a subsidiary or not a branch of a company that is owned, controlled, or is part of either directly or indirectly a medium business or large business that meets the criteria of Small Business as referred to in this Law.
- 3). Medium Business is a productive economic activity that is independent, run by individuals or business entities, and does not have the status of a subsidiary or branch of Small or Large Enterprises. It is also not owned, controlled, or affiliated – either directly or indirectly – with either type of business, and has a net worth or annual turnover in accordance with the provisions of the applicable law.

Table 1. MSME Criteria

No.	URAIAN	ASSET	OMZET
1	USAHA MIKRO	Max 50 Jt	Max 300 jt
2	USAHA KECIL	> 50 jt - 500 jt	> 300 jt - 2,5 M
3	USAHA MENENGAH	> 500 jt - 10 M	> 2,5 M - 50 M

Sumber: Undang- Undang Nomor 20 Tahun 2008

2. HYPOTHESIS DEVELOPMENT

a. Owner Participation

Participation is a joint decision-making process by two parties, namely the process of future decision-making, for the policymaker. Owners have a role in making and deciding policies for the company's progress, including in utilizing IT for the company's progress (Edhy Sutanta, 2019).

H1 = Owner participation affects the progress of IT management in MSMEs in Surakarta.

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b. Owner Involvement

An owner's involvement in IT can play a role as the Chief Information Officer to make it easier to do better tasks. The involvement of owners in IT can support operational needs and increase their advantage in sharp and fierce competition (Hernawati, 2013).

H2 = Owner involvement affects the progress of IT management in MSMEs in Surakarta.

c. Organizational Conditions

The owner's management activities, in addition to being influenced by the company's condition, are also influenced by human resources, intended to ensure that in the organization there are human resources available that meet the demands and needs of the organization. The condition of the owner's organization can support the use of IT in the company (Muhammad Ghani, 2003: 37)

H3 = The condition of the owner's organization affects the progress of IT management in MSMEs in Surakarta.

d. Owner's Background

The management of the owner of a company is influenced by the education and experience of the owner in question. Because the owner in utilizing IT is supported by education and the ability to utilize facilities to facilitate activities in obtaining information (Sondang Siagian, 2008).

H4 = The owner's background affects the progress of IT management in MSMEs in Surakarta.

RESEARCH METHODS

1. Research Population

This study uses the population of MSME owners in Surakarta. Data obtained through the Surakarta MSME DinKop, with the names of MSMEs in Surakarta there are 40 MSMEs. The entire population was used in the study.

2. Data Analysis

a. Classical Assumption Test

1). Normality Test

The tool that is said to be normal if there is a spread between free and bound variables is tested for the normality of the data using the Normal Probability Plot (Normal P-P Plot). The normal plot graph results are seen at the points spread around the diagonal line and the spread of the points following the direction of the diagonal line means meeting the assumption of normality (Imam Ghozali, 2021).

2) Multicollinearity Test

To determine the existence of multicollinearity in the regression model, two main indicators were used, namely the tolerance value and the Variance Inflation Factor (VIF). Multicollinearity is considered to occur when the tolerance value of a variable is less than 0.1 or the VIF value exceeds 10. Based on the results of the analysis, all independent variables in this study showed a tolerance value above 0.1 and a VIF value below 10. This shows that there is no very high relationship between independent variables (95% correlation >%), so it can be concluded that the regression model is free from the problem of multicollinearity (Imam Ghozali, 2021).

3). Autocorrelation Test

The test used to detect the presence of autocorrelation is the Durbin-Watson test (Imam Ghozali, 2021).

4). Heteroscedasticity Test

In order to test the existence of this symptom using the graph method, if there is a relationship, the existing graph will show a certain pattern or be scattered erratically, meaning it does not become Heteroscedasticity (Imam Ghozali, 2021).

d. Multiple Regression Test

The formula is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

e. T test

Test implementation process:

1) Establishing an alternative hypothesis

2) Set the level of significance (α) = 0.05

3) Testing criteria

Ha is accepted when the t count \geq t table

Ha is deducted when the t count \leq t table

4) Calculating the value of t

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5) Conclusion

Concluding the data analysis by comparing the results obtained between the calculation and the table, the result can be in the form of H_a rejected or accepted with the test criteria.

f. F test

Test implementation process:

1) Establishing an alternative hypothesis

2) Set the level of significance (α) = 0.05

3) Testing criteria

H_a is accepted when the F count \geq F table

H_a is deducted when the F count \leq F table

4) Calculating the value of F

$$F = \frac{R^2 / (k - 1)}{(1 - R^2) / (n - k)}$$

5) Conclusion

Concluding the data analysis by comparing the results obtained between F count and F table, then the results can be in the form of H_a rejected or accepted with the test criteria.

DISCUSSION AND RESEARCH RESULTS

1. Data Analysis

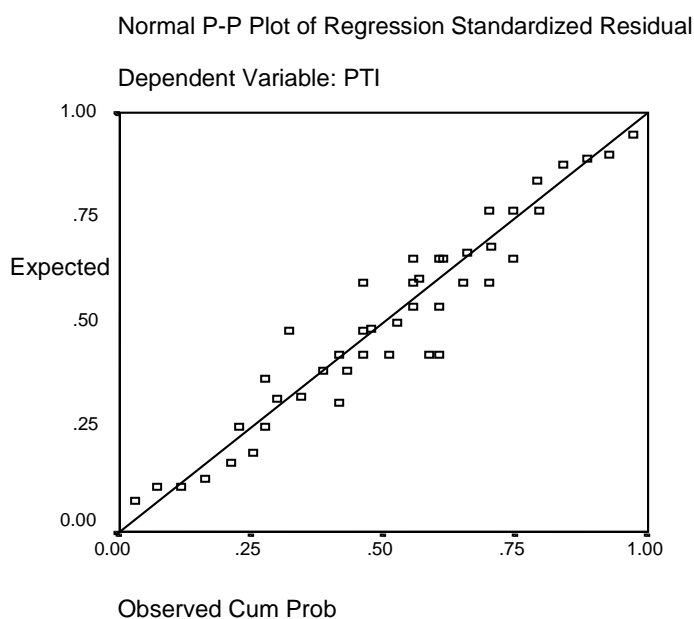
a. Uji Asumsi Klasik

1). Normality Test

The findings of the data normality test on the regression model using the P-P Plot method are shown in the following figure:

Gambar 1

Uji Normalitas Data



By looking at the normal graphical appearance of the plot, it is seen at the points spread around the diagonal line as well as the spread of the points in the direction of the diagonal line. This states that each variable has a normal data distribution. (Imam Ghozali, 2021).

2). Multikolinearity Test

The findings of the Variance Inflation Factor (VIF) calculation also show similarities, namely that there is not a single independent variable that has a VIF value above 10. The details of the VIF results are presented in the following table:

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Tabel 8: Hasil-hasil Uji Multikolinearitas

No	Variabel	Tolerance	VIF	Interpretasi
1	Owner partisipation	0,970	1.631	Tidak terjadi multikolinieritas
2	Owner Involvement	0,861	1.162	Tidak terjadi multikolinieritas
3	Organizational Conditions	0,876	1.142	Tidak terjadi multikolinieritas
4	Owner Background	0,732	1.063	Tidak terjadi multikolinieritas

3). Autocorelation Test

Tabel 9: Hasil Uji Autokorelasi

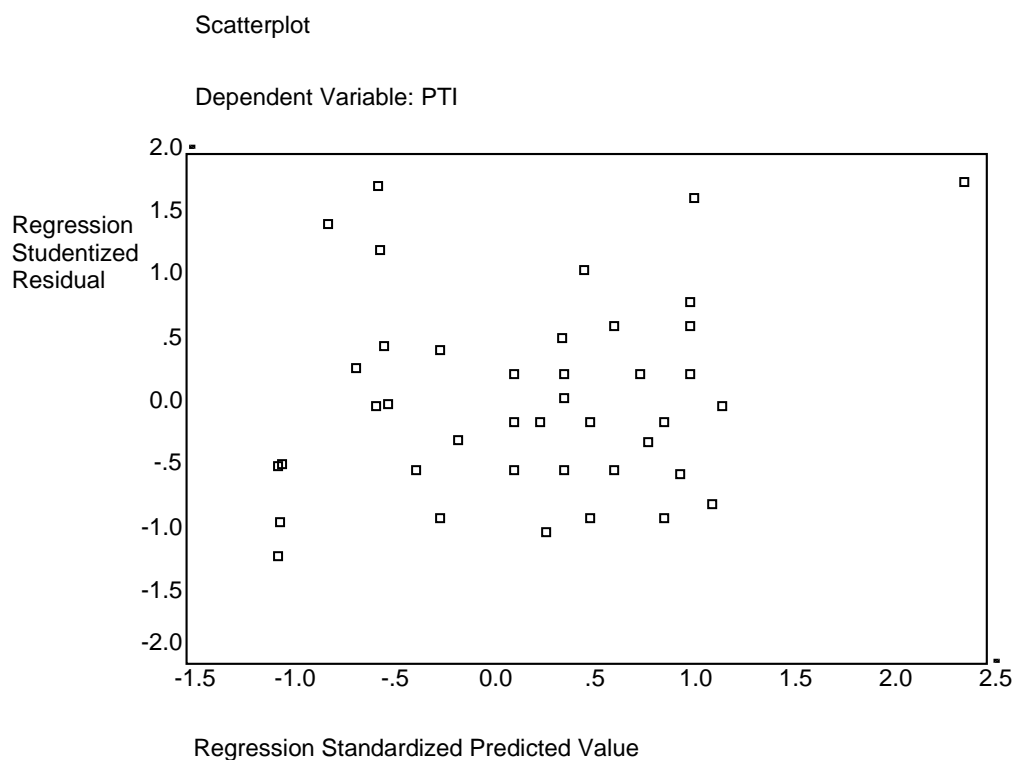
Durbin-Watson	DI	Du	(4-du)	(4-dI)
2,189	1,41	1,72	2,28	2,59

In a linear model, the Durbin Watson value is 2.280. while the Durbin Watson value in the table is the value of $d = 1.41$ and the value of $d = 1.72$. Thus the Durbin Watson value indicates that it is between the du value and the $(4-du)$ value. So it can be said that in the regression model it is found that there is no autocorrelation

4). Heteroskedastisity Test

Gambar 2

Hasil Uji Heteroskedastisitas



c. Hypothesis Test

1). Regresion Test

The relationship between dependent variables and independent variables is analyzed using multiple regressions formulated in the equation as follows:

$$Y = 2,404 + 0,195X_1 + 0,454X_2 - 2,48X_3 - 0,64X_4$$

2). T Test

The findings of the t-test, it is known that the influence of each independent variable on the dependent variable is partial, which is shown in the following table:

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Tabel. 11: Hasil Uji t-test

Variabel	Thitung	Sig.	Interprestasi
Owner Participation	1,128	0,269	Tidak signifikan
Owner Involvement	2,470	0,020	Signifikan
Organizational Condisionals	-1,179	0,248	Tidak signifikan
Owner Background	-0,241	0,811	Tidak signifikan

3). F Test

The F test is conducted to simultaneously find the influence of the variables of Owner Participation, Owner Involvement, Organizational Condition, and Owner Background together on the variable of Information Technology Development, presented below:

Tabel 12: Hasil Uji F

ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2.225	4	.556	1.844	.148 ^a
Residual	8.448	28	.302		
Total	10.673	32			

a. Predictors: (Constant), Latarbelakang, Kondisi, Partisipasi, Keterlibatan

b. Dependent Variable: PengembanganTI

The result of F count = 1.844 and F table of 2.74 (F count < F table) so that Ho is accepted also looks insignificant with a probability (0.148) greater than 0.05. Thus, it is proven that there is no influence of independent variables together on dependent variables.

4. DISCUSSION

The participation of the owner has no effect on the development of information technology. The reality can occur because the owner has a less professional attitude in carrying out his responsibilities. A professional attitude is obtained not only through some formal education owned by the owner according to his major, but also obtained from a lot of experience.

The involvement of the owner affects the development of information technology. This can happen if the owner in holding the position can improve his work skills to continue higher education. Organizational conditions have no effect on the development of information technology. Organizational conditions can develop according to the progress of the times if IT is used in the organization. In this case, IT supports and supports work activities in the organization. The owner's background has no effect on the development of information technology.

5. CONCLUSION

1. The owner's participation variable is known to have a tally of 1.128 and a significance value of 0.269. Thus, the owner participation variable (X1) was shown to have a insignificant effect on the information technology development variable (Y).
2. The variable of owner involvement is known to be calculated as 2.470 and the significance value t of 0.020 is also seen. Thus, the owner involvement variable (X2) was proven to have a significant effect on the variable of information technology development (Y).
3. The variable of organizational conditions is known to be calculated as -1.179 and the significance value of t is seen as 0.248. Thus, the variable of organizational condition (X3) was proven to have a insignificant effect on the variable of information technology development (Y).
4. The owner's background variable is known to be calculated at -0.241, and the significance value of t is also seen as 0.811 So the owner's background variable (X4) is proven to have a insignificant effect on the variable of information technology development (Y).
5. The result of the independent variable simultaneously has no effect on the dependent variable with the calculation result Fcalculus of 1.88 and the significance value is 0.148

B. LIMITATIONS

This study only uses a 1-year time period, namely mid-2021 to mid-2022.

C. ADVICE

Further research can test variables other than those used in this study, for example: company environment, salary or work atmosphere.

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