

## THE INFLUENCE OF INTRINSIC MOTIVATION, EXTRINSIC MOTIVATION, AND COMPETENCE TOWARDS ACCOUNTING PRACTICE ON MICRO, SMALL, AND MEDIUM ENTERPRISES IN LOCAL REGENCY

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### **Abstract**

*Micro, Small and Medium Enterprises (MSMEs) is one of the economic activities conducted by most people in Indonesia. MSMEs have an important role in helping the development of the economy in Indonesia. However MSMEs is one of the important factors in economic development in Indonesia, but there are still many MSMEs perpetrators that have not applied accounting practice to their business. In fact, accounting information is very useful for MSMEs because it is a tool used by information users for decision making. This research aimed to analyze the influence of intrinsic motivation, extrinsic motivation, and competence towards accounting practice in Local Regency.*

*This research used the 2 factors motivation theory and Goal Setting Theory. Motivation theory in this research will support the measurement of intrinsic motivation and extrinsic motivation MSMEs owners to do accounting practices in MSMEs. Meanwhile, goal setting theory is used as the base of assumption about the relationship between goals set and performance owner or managers of MSMEs.*

*The population of this research was 34.455 business on the Department of Industry and Trade of MSMEs in Local Regency. The sample was 100 business unit MSMEs with trade, hotel, and restaurant sectors that calculated by Slovin formula. Stratified sampling technique is used in this research. Data collection in this study uses a questionnaire that is distributed directly to respondents.*

*The results show that intrinsic motivation and competence variable has a positive affect on accounting practice in Local Regency. Extrinsic motivation has a negative effect on accounting practice in Local Regency.*

**Keywords:** *Intrinsic Motivation; Extrinsic Motivation; Competence; Accounting Practice; MSMEs.*

### **Abstrak**

*Badan Usaha Kecil dan Menengah (MSMEs) merupakan satu aktivitas ekonomi yang banyak dilakukan oleh orang Indonesia. MSMEs memiliki peran penting*

*dalam mengembangkan perekonomian di Indonesia. Meski demikian, masih banyak dari mereka belum menggunakan akuntansi sebagai bagian aktivitas bisnisnya. Sesungguhnya, informasi akuntansi sangat bermanfaat untuk MSMEs karena merupakan alat yang digunakan untuk membantu membuat keputusan. Tujuan riset ini menganalisa pengaruh motivasi intrinsik, ekstrinsik, dan kompetensi pada praktik akuntansi di Local Regency. Riset ini menggunakan 2 teori yaitu teori motivasi dan teori goal setting. Teori motivasi dalam riset ini akan mendukung pengukuran motivasi intrinsik dan motivasi ekstrinsik pemilik MSMEs untuk menggunakan akuntansi. Sementara goal setting theory digunakan sebagai dasar asumsi terkait hubungan antara pembuatan tujuan dan kinerja pemilik atau manajer MSMEs. Populasi sebanyak 34.455 MSMEs di Local Regency. Sampel yang diambil 100 MSMEs, hasil perhitungan dengan Slovin, yang terdiri atas hotel, restaurant dan industri perdagangan. Teknik stratified sampling digunakan dalam penelitian ini. Pengumpulan data dengan menggunakan kuesioner. Hasil riset menunjukkan bahwa motivasi intrinsik kompetensi berpengaruh signifikan pada praktik akuntansi di Local Regency. Sementara, motivasi ekstrinsik tidak berpengaruh signifikan pada praktik akuntansi.*

**Kata Kunci :** *Motivasi Intrinsik; Motivasi Ekstrinsik; Kompetensi; Praktik Akuntansi; MSMEs.*

**JEL Classifications :** **J28 J33 J53 M41**

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## **INTRODUCTION**

Micro, Small and Medium Enterprises (MSMEs) is one of the economic activities conducted by most people in Indonesia. MSMEs have an important role in helping the development of the economy in Indonesia. This is evidenced when the economic crisis hit Indonesia, the government relies heavily on the role of MSMEs to minimize the negative impact of the economic crisis. There are several important factors in the event of an economic crisis that makes MSMEs can survive. First, MSMEs do not have foreign debt. Secondly, there is not much debt to the banks because they are considered un-bankable. Third, use local input. Fourth, export-oriented (Kuncoro, 2008).

However MSMEs is one of an important factor in economic development in Indonesia, but there are still many MSMEs perpetrators that have not applied accounting practice to their business. In fact, accounting information is very useful for MSMEs, because it is a tool used by information users for decision making Holmes and Nicholls (1988) in Huda (2017). Accounting information can be used to measure and communicate the company's financial information that is needed by the management in formulating decisions to solve the problems.

The obligation to perform proper and correct accounting records for MSMEs in Indonesia is actually written in the Law of the Republic of Indonesia Number 20 the Year 2008 regarding Micro, Small and Medium Enterprises and Tax Law No. 2 the

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Year 2007 on Small and Medium Enterprises Development Cooperatives. The government and owners of MSMEs have in fact confirmed that doing a proper accounting record is very important for the development of MSMEs in Indonesia. But in reality, some MSMEs in Indonesia have not made a proper accounting record. The Clinic Manager of MSMEs and Cooperatives of Indonesian Institute of Accountants (IAI), Idrus (2000), stated that microentrepreneurs do not have accounting knowledge and many of them do not understand the importance of recording and bookkeeping for business continuity. Microentrepreneurs view that the process of accounting recording is not very important to apply.

Managers often find the difficulties to make a record of what happens in business operations in implementing the activities of MSMEs (Hidayat, 2008). The difficulty is in the form of calculation of income and outcome. Each business is expected to have financial statements to analyze financial performance so as to provide information about the company's financial position, performance, and cash flow that is beneficial to users of financial statements in order to make economic decisions and demonstrate management accountability for the use of resources entrusted to them. However, financial accounting practices in Micro, Small and Medium Enterprises (MSMEs) are still low and have many weaknesses (Suhairi *et al.* 2004). Usually bookkeeping in MSMEs is done in simple ways and not detail (Krisdatiwi, 2008).

There are many types of research that mention the lack of accounting practice of MSMEs in recording accounting information. Kurniawati (2012) concludes that the owners of MSMEs are less knowledge of the importance of accounting records in their business because of educational background and less skill.

Amoako (2013) also examines the owners of MSMEs do not do the accounting record that is because they said that there is no benefit to be obtained by doing the recording. Laeli (2013) shows that many owners of MSMEs are not doing accounting records because owners of MSMEs said that doing the accounting records not efficient, not important and wasting time.

Recording of good and correct financial statements in accordance with the standards is very important to be done for the owners of Micro, Small and Medium Enterprises (MSMEs). However, not only the accounting records are good and correct to be done, the owners of MSMEs should have a high motivation like internal motivation, external motivation, and competence. Sometimes, many owners of MSMEs are already known the correct financial reporting standards, but they are still lazy to do so for many reasons such as being too busy, or even there is no difference between writing standard financial records by writing the usual financial records they do. They do not have the motivation and high competence to advance their business by making the recording of good and correct financial statements.

Related to intrinsic motivation, extrinsic motivation, and competence, there are some previous researches such as Putra and Frianto (2013) examines the effect of intrinsic motivation and extrinsic motivation on job satisfaction. The results of this study indicate that intrinsic motivation and extrinsic motivation has a positive effect on job satisfaction. Another research is Ferdinand's *et al.* (2013) examine the influence of intrinsic motivation, extrinsic motivation on employee performance through job satisfaction, the results of this study indicate that intrinsic motivation and extrinsic motivation have a positive effect on employee job satisfaction. Mardiono (2014) examines the influence of motivation and work discipline on employee job satisfaction, the results of this study indicate that motivation and work discipline significantly

influence employee job satisfaction. Cheraghalizadeh (2014) examines the effect of intrinsic motivation on job satisfaction, the results of this study indicate that intrinsic motivation can improve job satisfaction.

Cristini (2011) examines employee motivation and performance on work practices, the results of this study indicate that there is a significant influence on motivation (intrinsic and extrinsic) and employee performance on work practices. Rianda, *et al.* (2015) examine the effect of intrinsic motivation and extrinsic motivation on job satisfaction, the results of this study indicate that there is a significant influence on intrinsic motivation and extrinsic motivation on job satisfaction. Raza, *et al.* (2015) examine the effect of intrinsic motivation on employee job satisfaction, the results of this study indicate that intrinsic motivation effect on employee job satisfaction. Catharina *et al.* (2015) examine the effect of intrinsic motivation and extrinsic motivation on job satisfaction, the result of this research showed that intrinsic motivation and extrinsic motivation have a positive effect on job satisfaction.

Mbogo (2011) examines the effect of managerial accounting ability on the success of MSMEs, the results of this study indicate that the level of training and managerial accounting ability has a strong influence on the success of MSMEs. Khan *et al.* (2015) examine the analysis of competence, job satisfaction and organizational commitment to work practices, the results of this study indicate that the competence, job satisfaction, and organizational commitment have a positive effect on work practices. Arifin (2015) examines the influence of competence, motivation and organizational culture on job satisfaction, the results of this study indicate that competence, motivation, and organizational culture have a positive effect on job satisfaction.

Nurzaman (2016) examines the effect of competence on employee job satisfaction, the results of this study indicate that training, competence, and motivation affect employee job satisfaction and employee performance. Syahrums *et al.* (2016) examine the influence of competence, organizational culture, and organizational climate on organizational commitment, job satisfaction, and performance. The results of this study show that competence, organizational culture, and organizational climate influence organizational commitment, job satisfaction and performance. Runi *et al.* (2017) examine the influence of leadership, motivation, competence, and commitment to job satisfaction and performance, the results of this study indicate that leadership, motivation, competence, and commitment are very influential on performance and job satisfaction. Utami (2017) examines the influence of competence on employee job satisfaction, the results of this study indicate that competence positively affect employee job satisfaction.

On the other hand, Masrek *et al.* (2015) examine the competence of technology management and job satisfaction, the results of this study indicate that competence and technological skills affect job satisfaction. Taylor (2002) also examines that job satisfaction will affect sales practices within the company. So the motivation will affect the good work practices. If job satisfaction has been achieved then it will be achieved also good working practices.

This research aims to examine the effect of intrinsic motivation, extrinsic motivation, and competence towards accounting practice on Micro, Small and Medium Enterprises.

## LITERATURE REVIEW AND HYPOTHESIS

### Literature review

#### Motivation theory

This theory was introduced by Herzberg (1959) in Feizal (2015). Herzberg developed the theory of Maslow's hierarchy of needs into a two-factor theory, two factors that he called hygiene factor (extrinsic factor) and motivator factor (intrinsic factor).

According to Luthans (1992) in Sari (2016), which is classified as a motivational factor is:

- a) Achievement
- b) Recognition
- c) Work itself
- d) Responsibility
- e) Advancement

While the hygiene factor is associated with the fulfillment of the need to maintain the existence of employees as human, tranquility and health maintenance. This factor is also called the source of dissatisfaction which is a place of low level needs fulfillment.

According to Luthans (1992) in Sari (2016), which classified as hygiene factor are:

- a) Policy and administration
- b) Quality supervisor
- c) Interpersonal relations
- d) Working condition
- e) Salary

#### Goal setting theory

This theory proposed by Edwin Locke (1978) in Lunenburg (2011) which is included in the form of motivation theory. Goal Setting Theory emphasizes the importance of the relationship between established goals and the resulting performance. This theory also states that individual behavior is governed by one's ideas and intentions. Goals can be viewed as purposes or levels of work to be achieved by individuals. If an individual is committed to achieving his goals, then this will affect his actions and affect the consequences of his actions. Setting challenging goals and measurable results will be able to improve performance followed by skills and also work skills.

According to Spencer (1993) in Nur'aeni (2011), competence has 5 characteristics, including the following:

- a) Motives
- b) Knowledge
- c) Self-concept
- d) Traits
- c) Skills

#### MSMEs

Based on Law no. 20 The year 2008 regarding Micro, Small and Medium Enterprises (MSMEs), the definition and criteria of MSME are:

1) Microbusiness

Productive enterprises owned by individuals of micro-scale and traditional nature that meet the criteria of net income, or annual sales proceeds as stipulated in the law as follows:

- a. Net income at most Rp. 50.000.000, - (fifty million rupiah) outside the land and building of the place of business;
- b. annual sales result at most Rp. 300.000.000, - (three hundred million rupiah);
- c. has a labor of less than 5 (five) persons.

2) Small business

Individual productive economic enterprise, carried out by an individual or a business entity which is not a subsidiary or non-subsidiary possessing, controlled or participated directly or indirectly from a medium-sized or large-scaled business under the following law criteria:

- a. Have a net income of more than Rp. 50.000.000, - (fifty million rupiah) up to a maximum of Rp. 500.000.000 (five hundred million rupiahs) excluding land and building of business premises;
- b. has annual sales of more than Rp. 300.000.000, - (three hundred million rupiah) up to a maximum of Rp. 2.500.000.000, - (two billion five hundred million rupiah)
- c. has a labor of 5 (five) to 19 (nineteen) persons.

3) Medium Enterprises

Individual productive economic enterprise carried out by an individual or business entity that is not a subsidiary or a branch of a company owned, controlled or becomes part directly or indirectly with a Small Enterprise or a large Enterprise.

- a. Have a net income of more than Rp. 500.000.000, - (five hundred million rupiah) up to a maximum of Rp. 10,000,000,000 (ten billion rupiahs) excluding land and building of business premises;
- b. has annual sales of more than Rp. 2.500.000.000, - (two billion five hundred million rupiah) up to a maximum of Rp. 50,000,000,000, - (fifty billion rupiah)
- c. has a labor of 20 (twenty) to 99 (ninety-nine) persons.

**Accounting**

Accounting is the process of processing financial data to produce financial information used to enable decision making to make judgments based on information in decision making (Mulyadi, 2001).

Belkaoui (2000) defines accounting information as quantitative information about economic entities that are useful for economic decision making in determining choices between alternative actions.

In general, Horngen's *et al.* (1996) in Rossan (2017) formulated the users and benefits of accounting information in 3 categories:

- a. The internal manager, who uses the information for short-term planning and routine operation control.
- b. Internal managers, who use accounting information to make non-routine decisions (such as investment in equipment, pricing of products and services) and to formulate whole or whole policies and long-term plans.
- c. Outsiders, such as investors and government authorities who use the information to make decisions about the company.

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Accounting practices in an entity are characterized by the availability of financial statements on such entities that are systematically arranged and supported with sufficient evidence. Accounting practices implemented by Micro, Small and Medium Enterprises (MSMEs) is evidenced by the existence of the entity's financial statements. However, in fact, small entrepreneurs do not organize and use accounting information in the management of their business, so the quality of financial statements on MSMEs is still low and accounting practices, especially financial accounting for MSMEs in Indonesia have many weaknesses.

Accounting practice is a set of ideas underlying the practice in the form of basic assumptions, concepts, explanations, and reasoning that entirely the information of knowledge about accounting theory. Practices of accounting start from transactions derived from forms such as invoices, notes, checks, etc. From these transactions the journal is made and posted to the ledger, then made into adjusting entries, worksheet, closing and reversing entry, and financial statements.

Accounting practices in an entity are characterized by the availability of financial statements on such entities that are systematically arranged and supported with sufficient evidence. Accounting practices implemented by Micro, Small and Medium Enterprises (MSMEs) is evidenced by the existence of the entity's financial statements. However, in fact, small entrepreneurs do not organize and use accounting information in the management of their business, so the quality of financial statements on MSMEs is still low and accounting practices, especially financial accounting for MSMEs in Indonesia have many weaknesses.

In the phenomenon that the unavailability of an accounting practice optimally and not utilizing it accounting information on MSMEs, so there are many mistakes or lack of the owners of MSMEs, but also due to the not optimal role of government and society in encouraging accounting practices in MSMEs.

### **Intrinsic motivation**

Intrinsic motivation is the driving motivation to work that comes from within the worker as an individual in the form of awareness of the importance or benefits or else the meaning of the work he does. In other words, this motivation comes from the work that is done, either because it is able to meet the needs or enable to achieve a goal or because it provides certain positive expectations in the future. For example, a worker who works solely because he feels he has the opportunity to actualize or realize his self-reliance maximally (Nawawi, 2000).

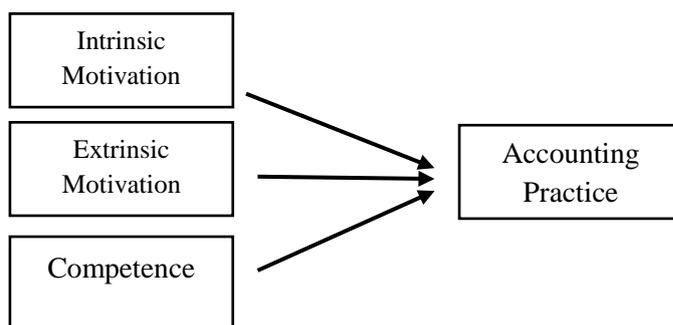
### **Extrinsic motivation**

According to Robbin (2006), motivation is a process that explains the intensity, direction, and persistence of an individual to achieve his goals. Meanwhile, according to Herzberg (1959) in Feizal (2015) states that there are 2 factors that affect motivation, one of which is extrinsic motivation. Extrinsic motivation is the work motivation that is come from outside the worker's self as an individual in the form of a condition that requires him to do the job maximally. For example, dedicated to working for high wages or salaries, honorable positions or positions, or have great powers, praise, and punishment (Nawawi, 2001).

## Competence

According to Spencer (1993) in Nur'aeni (2011), competence is the underlying characteristics of a person and relating to the effectiveness of individual performance in their work (Spencer, 1993). Spencer in Sudarmanto (2009), shows that there are competency components that include several things:

- 1) Motives.
- 2) Traits.
- 3) Self-concept.
- 4) Knowledge.
- 5) Skill.



**Figure 1**  
**Research model**

## Hypothesis

According to the theory of two-factor motivation by Herzberg, the intrinsic motivation that supports this research hypothesis is the factor work itself. This is supported by Elliot opinion (2000) who mentions that intrinsic motivation involves people doing an activity because they feel attractive and get immediate satisfaction from the activity itself. Intrinsic motivation arises from within the individual himself without any compulsion or encouragement of others but based on his own will. Thus, if the job given is accorded to his ability, then someone will be proud and happy to do his job.

Based on the theory and previous research, the hypothesis is taken as follows:

**H1: Intrinsic motivation has a positive influence on accounting practices.**

According to the theory of two-factor motivation by Herzberg, the extrinsic motivation that supports this research hypothesis is the working condition. This supported too by Nawawi (2001) which states that an important point and needs to get the attention of a supervisor is the work environment, such as customs, comfort workspace, lighting, and noise pollution. If during the workplace environment is not comfortable, then work motivation will decrease and saturation will occur. Ultimately raised an uncomfortable workplace that will cause a decrease in work productivity.

Based on the theory and previous research, it was taken the following hypotheses:

**H2: Extrinsic motivation has a negative influence on accounting practices.**

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Competency of the company should not be easily copied by competitors. According to the theory of goal setting theory, this theory indicates that if an individual is committed to achieving the goal, then this will affect the actions and consequences of the actions affect.

Based on the theory and previous research, it was taken the following hypothesis:

**H3: Competence has a positive influence on accounting practices.**

## RESEARCH METHOD

This type of research is quantitative research. The relationship of variables is causal where the research data in the form of numbers using statistical analysis. This study will examine the effect of intrinsic motivation, extrinsic motivation, and competence towards accounting practice on MSMEs by conducting a survey to obtain the required data by providing a list of questions to the respondents.

The data used in this research are primary data. Sources of data obtained are to see the results of the distribution of questionnaires. Questions in questionnaires are filled or answered by respondents who are the owners or managers of MSMEs. Measurement of questionnaire instruments uses a Likert scale.

The sampling technique in this research uses simple random sampling (Sugiyono, 2012). The total sample is determined by Slovin formula (Suliyanto, 2011). The formula is as the followings:

$$n = \frac{N}{1 + Ne^2}$$

### Accounting practice

The variables of accounting practice are measured by using indexes, where there are some questions that contain accounting records in the financial statements. Each question will only be given two alternative answers that are 1 for the answer "yes" and 0 for the answer "no". Thus, the more accounts recorded by the business owner or manager of MSMEs, the better the accounting practices that have been applied to the business.

### Intrinsic motivation

The intrinsic motivation variable is measured by indicators according to Herzberg (1959) in Feizal (2015), namely success (X1,1), recognition (X1,2) the work itself (X1,3), responsibility (X1,4), advancement (X1,5). The intrinsic motivation variable is measured by using *Likert* scale 1 to 5 with scoring as follows: score 1 = strongly disagree, score 2 = disagree, score 3 = neutral, score 4 = agree, score 5 = strongly agree.

### Extrinsic motivation

The extrinsic motivation variable is measured by indicators according to Herzberg (1959) in Feizal (2015), namely policy and administration (X2,1), supervision (X2,2) salary (X2,3), interpersonal relationship (X2,4), working conditions (X2,5). The

extrinsic motivation variable is measured by using *Likert* scale 1 to 5 with scoring as follows: score 1 = strongly disagree, score 2 = disagree, score 3 = neutral, score 4 = agree, score 5 = strongly agree.

### Competence

The competence variable is measured by indicators according to Spencer (1993) in Nur'aeni (2011), namely motif (X3,1), personality traits (X3,2) self-concept (X3,3), knowledge (X3,4), skills (X3,5). The competence variable is measured by using *Likert* scale 1 to 5 with scoring as follows: score 1 = strongly disagree, score 2 = disagree, score 3 = neutral, score 4 = agree, score 5 = strongly agree.

## RESEARCH RESULT AND DISCUSSION

**Table 1**  
**Questionnaire Distribution Details**

Information	Total
Distributed questionnaire	160
The questionnaire didn't return	60
The total questionnaire that can be processed	100
<b>Response rate</b>	<b>62.5%</b>

*Source: Researcher data processed*

In this research, researchers distributed 160 questionnaires to owners or managers of Micro, Small and Medium Enterprises (MSMEs). Questionnaires distributed in this study 100 questionnaires, and 60 questionnaires didn't return, with details:

1. 43 questionnaires were distributed to owners or managers of micro-enterprises.
2. 40 questionnaire was distributed to owners or managers of small enterprises.
3. 17 questionnaires were distributed to owners or managers of medium enterprises.

**Table 2**  
**Validity Test of Intrinsic Motivation Questionnaire**

Item	$r_{\text{statistics}}$	$r_{\text{table}}$	Information
Statement 1	.761	.361	Valid
Statement 2	.655	.361	Valid
Statement 3	.710	.361	Valid
Statement 4	.776	.361	Valid
Statement 5	.802	.361	Valid
Statement 6	.796	.361	Valid
Statement 7	.813	.361	Valid
Statement 8	.771	.361	Valid
Statement 9	.674	.361	Valid
Statement 10	.597	.361	Valid

*Source: Researcher data processed*

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Based on Table 2 it can be concluded that the value of the product moment correlation statistics intrinsic motivation variable ( $X_1$ ) is greater than the  $T_{table}$  at 99% until 90% confidence level. Thus, 10 items of intrinsic motivation variable ( $X_1$ ) are valid.

**Table 3**  
**Validity Test of Extrinsic Motivation Questionnaire**

Item	$r_{statistics}$	$r_{table}$	Information
Statement 1	.620	.361	Valid
Statement 2	.530	.361	Valid
Statement 3	.450	.361	Valid
Statement 4	.621	.361	Valid
Statement 5	.638	.361	Valid
Statement 6	.589	.361	Valid
Statement 7	.515	.361	Valid
Statement 8	.648	.361	Valid
Statement 9	.733	.361	Valid
Statement 10	.627	.361	Valid

*Source: Researcher data processed*

Based on Table 3 it can be concluded that the value of the product moment correlation statistics extrinsic motivation variable ( $X_2$ ) is greater than the value of the table at 95% confidence level. Thus, 10 items of extrinsic motivation variable ( $X_2$ ) are valid.

**Table 4**  
**Validity Test of Competence Questionnaire**

Item	$r_{statistics}$	$r_{table}$	Information
Statement 1	.742	.361	Valid
Statement 2	.775	.361	Valid
Statement 3	.779	.361	Valid
Statement 4	.695	.361	Valid
Statement 5	.793	.361	Valid
Statement 6	.711	.361	Valid
Statement 7	.757	.361	Valid
Statement 8	.790	.361	Valid
Statement 9	.717	.361	Valid
Statement 10	.704	.361	Valid

*Source: Researcher data processed*

Based on Table 4 it can be concluded that the value of  $r_{statistics}$  product moment correlation variable competence ( $X_3$ ) is greater than the value of  $r_{table}$  at 95% confidence level. Thus, 10 items of competence variable ( $X_3$ ) are valid.

**Table 5**  
**Validity Test of Accounting Practice Questionnaire**

<b>Item</b>	<b>r<sub>statistics</sub></b>	<b>r<sub>table</sub></b>	<b>Information</b>
Statement 1	.600	.361	Valid
Statement 2	.480	.361	Valid
Statement 3	.677	.361	Valid
Statement 4	.372	.361	Valid
Statement 5	.559	.361	Valid
Statement 6	.556	.361	Valid
Statement 7	.744	.361	Valid
Statement 8	.493	.361	Valid
Statement 9	.504	.361	Valid
Statement 10	.537	.361	Valid
Statement 11	.591	.361	Valid
Statement 12	.437	.361	Valid
Statement 13	.496	.361	Valid

*Source: Researcher data processed*

Based on Table 5 can be concluded that the value of the product moment correlation  $r_{statistics}$  accounting practices (Y) is greater than the value of  $r_{table}$  at 95% confidence level. Thus, 13 items of accounting practice variables (Y) are valid.

**Table 6**  
**Reliability Test**

<b>Variables</b>	<b>Coefficient Cronbach Alpha</b>	<b>Cronbach Alpha Min</b>	<b>Information</b>
Intrinsic Motivation	.904	.70	Reliable
Extrinsic Motivation	.800	.70	Reliable
Competence	.910	.70	Reliable
Accounting Practices	.796	.70	Reliable

*Source: Researcher data processed*

Table 6 shows that the coefficient of intrinsic motivation variables, extrinsic motivation, and competence questionnaire are greater than 0.70 so that all questions for each variable are reliable and can be used as a data collection tool. While the coefficient Cronbach Alpha for accounting practice

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**Table 7**  
**Normality test**

Variable	Asym. Sig	$\alpha$	Information
Unstandardized Residual	.423	.05	Reliable

*Source: Researcher data processed*

Based on Table 7 the significance value was 0.423. The value is greater than alpha (0.05) so it can be concluded that the standardized residual is normally distributed.

**Table 8**  
**Multiple Linear Regression Analysis**

Variable	Coefficient Regression	$t_{\text{statistics}}$	Sig
Constants	-5698	-6.940	.000
Intrinsic Motivation	.354	15005	.000
Extrinsic Motivation	-.030	-1.707	.091
Competence	.063	3,069	.003

*Source: Researcher data processed*

According to the table above can be made multiple linear regression equation as the following:

$$Y = -5.698 + .354X_1 - .030X_2 + .063X_3 + e$$

**Table 9**  
**T Test**

Variable	$t_{\text{statistics}}$	Sig
Intrinsic Motivation	15.005	.000***
Extrinsic Motivation	-1.707	.091*
Competence	3.069	.003***

*Source: Researcher data processed*

- \*\*\*significance at 1%
- \*\*significance at 5%
- \*significance at 10%

Based on Table 9, we knew that the value of  $t_{\text{statistics}}$  intrinsic motivation and competence greater than  $t_{\text{table}}$  and the two variables significance value are less than 0.05, so it can be concluded that the intrinsic motivation and competence have a positive effect on the accounting practice. While the value  $t_{\text{statistics}}$  extrinsic motivation variable significance value less than 0.1 so it can be stated that the extrinsic motivation has a negative effect on accounting practices.

### **Influence between intrinsic motivation and accounting practice**

The conclusion shows that some owners of MSMEs have an intrinsic motivation for doing accounting practice in their business. While there are still many owners of MSMEs who have not made good accounting records yet, but owners of MSMEs have a desire to know the cash flows of their business. There are several factors that made owners of MSMEs to doing accounting records in their business such as an obligation, knowledge, responsibility, and to develop their own business.

### **Influence between extrinsic motivation and accounting practice**

The conclusion from the above interview shows that some owner of a business does not have the motivation to do accounting practice in their business. The reasons based on interviews show that some of owners business don't know how to do accounting records, some owner said that lazy to record it because the business is self-owned and do at home. Owners are also don't know how the payment of tax and don't understand how to do a good accounting record, therefore the Government can give the training to owners MSMEs, so owners MSMEs can make accounting records in their business.

### **Influence between competence and accounting practice**

The conclusion from the interview above shows that some owners of the business have understood the importance of doing accounting records in their business. They also understand that by making accounting records, they can find out how much cash in and cash out in their business. In addition, owners of the business also make accounting records because they have to pay taxes, employee salaries, and pay other expenses. Although there are still some efforts made with a simple record, they understand that doing the accounting on the business is very important to do.

## **CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS**

### **Conclusions**

Based on the results and discussions of research about the influence of intrinsic motivation, extrinsic motivation, and competence towards accounting practice with multiple linear regression method, it can be concluded that:

1. Intrinsic motivation has a positive influence on accounting practices on MSMEs in Local Regency. This result shows that internal motivation such as success, recognition, work itself, responsibility and advancement have an influence on job satisfaction and accounting practices.
2. Extrinsic motivation has no influence on accounting practices on MSMEs in Local Regency. This indicates that external motivation such as policy and administration, supervision, salary or wages, interpersonal relations, and working conditions have no effect on job satisfaction and accounting practices.

## The Influence of Intrinsic Motivation, Extrinsic Motivation, and Competence Towards Accounting Practice on Micro, Small, and Medium Enterprises in Local Regency

3. Competence has a positive influence on accounting practices on MSMEs in Local Regency. This result shows that the motives, personal characteristics, self-concept, knowledge, and skills affect job satisfaction and accounting practices.

### Limitations

There is a limitation of this study:

1. The response rate was only 62%, the low response rate influenced the generalization of the results. But this study diminished the issue of samples number by using a stratified sample to make sure that all population area has the same opportunity to be chosen as a sample.
2. Statement of questionnaires rather difficult to be understood, so the researcher must explain directly to the respondent.
3. There are too many questions in the questionnaire so that sometimes makes many respondents reluctant to fill.
4. The researcher used a sample of MSMEs in Banyumas Regency. If the researchers tested using micro and small business showed negative results, but if only medium business tested, it showed a positive result.

### Suggestions

Based on the results, the suggestions are:

1. For owners of Micro, Small and Medium Enterprises (MSMEs).  
Owners of Micro, Small and Medium Enterprises (MSMEs) should have high motivation and competence in accounting practices so that their performance will be improved and accounting information on their business will also increase. With the existence of good accounting information, it is expected the owners of MSMEs can grow and survive in a tight business competition.
2. For the next researcher.
  - a. For the next researchers is hope to make the question of the questionnaire more concise, but still using the same indicators.
  - b. For the next researcher is expected to use another variable besides extrinsic motivation which influences to accounting practice at MSMEs.

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