SICOBIS

Unika SOEGIJAPRANATA
Talenta pro patria et humanitate

2nd Semarang International Conference
on Business Inclusiveness and Sustainability

Conference Theme:

STRENGTHENING INCLUSIVE BUSINESS AND SUSTAINABILITY THROUGH RESEARCH AND PRACTICES

CONFERENCE

PROCEEDING

SOEGIJAPRANATA CATHOLIC UNIVERSITY
2015

Preface

Research has an important role in society. It can accelerate the increase in social welfare through its influence on business decisions and government policy. The research outcome sometimes become the references in making policy, either individually and institutionally, both private and governments. However, there are still many researches that are not and cannot be implemented. Therefore, it does not provide optimal benefits to, the stakeholder, NGO, donor and society.
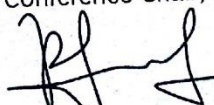
Maximum social welfare is the goal of development. The increasing of social welfare are reflected by the high growth of Gross Domestic Product (GDP). However, in order to achieve high growth GDP sometimes ignored some issues such as income distribution in society, the environment, unemployment and marginalized groups and disabled people.

Economic growth, thereby creating an income gap more broadly environment degradation as well as high rates of poverty. Economic sustainability is needed. Therefore, business inclusiveness as a concept calls business stakeholder to share the mutual benefits must be implemented. The business should consider the impacts of their activity to its environment and society. The decision concern with their business activity may take an important part to ensure the economic sustainability.

There are three objectives of this conference. Firstly, business explores resources and takes advantages from the environment and society surrounding. Therefore business should consider the feedback to its environment. Secondly, research on business inclusiveness will be useful to sustain business itself in sharing the mutual interest between business and society. And thirdly, researchers as the driver of the inclusiveness, accelerate the economic growth and its sustainability through great and applied researches.

On Behalf of the committee and Faculty of Economics and Business Soegijapranata Catholic University Semarang Indonesia, would like to express our deep and sincere appreciation and gratitude to the keynote speakers, sponsors, and all participants who join and succeed this event. This Conference is also accommodate participants from the Philippine, Ukraine, Slovenia, Lituania and of course Indonesia

Semarang, August 26, 2015
Conference Chair,

Ranto P. Sihombing, SE, M.Si, CSRS

INTERNATIONAL CONFERENCE RUNDOWN
WEDNESDAY-THURSDAY, AUGUST 26-27, 2015

TIME	ACTIVITY		
	WEDNESDAY, AUGUST 26, 2015		
07.00-08.00	Registration		
08.00-08.30	Opening ceremony Prof.Dr. Y.Budi Widianarko,MSc		
08.30-10.00	Keynote speech Prof. Lorne Cummings (Macquarie University, Australia)		
	Prof. Hasan Fauzi (Indonesian Center for Social and Environmental Accounting Research and Development, Indonesia)		
	Ir. I Made Surata, MSi (PT. ANTAM, Indonesia)		
10.00-10.30	Photo session		
10.30-10.45	Networking break 1		
10.45-12.45	Parallel Session 1		
	TOPIC	**PRESENTER**	**PAPER**
	Accounting	1 Rizky Utami, Indonesia	Comparative Analysis on Market Reaction and Financial Performance Before and When Using The Fair Value Model of Companies Listed on the Indonesia Stock Exchange
		2 Enny Susilowati Mardjono,Indonesia	Green Entrepreneurship: Implementation Of accounting Information System, Quality Cost Method For Increasing Profitability SMEs
		3 Rini Hastuti,Indonesia	Tax Payers's Comprehension of SAS: an Important Way to Sustain Government Budget
		4 Tetiana Ishchenko, Ukraina	Global Trend CSR Reporting
		5 Justina Kaluinaite,Lithuania	Entrepreneurship and social responsibility
	Tourism	6 Elizabeth Tiur Manurung,Indonesia	The Models Of Tourism Sector Development Of Bandung Regency And Jember Regency in Relating With Own-Source Revenue
		7 Sulistya Rini Pratiwi,Indonesia	Economic Valuation Of Amal Beach Tourism: Travel Cost Method (TCM) Application
		8 Tabita R. Matana,Indonesia	Development Of Community Based Ecotourism At Pamona Areas
12.45-13.15	Networking break 2		
13.15-15.15	Parallel Session 2		
	TOPIC	**PRESENTER**	**PAPER**
	Management	9 Bambang Sudaryana,Indonesia	The Model of Management Society Poverty Santolo Coast Garut District West Java
		10 Sulistya Rini Pratiwi,Indonesia	Green Business Application Analysis To Financial Performance SMEs in Tarakan City
		11 Westri Kekalih,Indonesia	Consumer's Belief towards Non-Rice Non-Wheat Staple Food
		12 Widuri Kurniasari,Indonesia	Consumer Perception and their Evaluation Towards Alternative Staple Foo
		13 Alexandra Adriani W,Indonesia	Determinant Factors Affecting Costs Of Sales Information Quality (Case Study On Five Star Hotels In Semarang,Indonesia)
		14 Etty Puji Lestari,Indonesia	The Practices Of Regional Autonomy In Central Java And Its Implication On Economic Competitiveness
		15 Jana Gruden, Slovenia	Whose Responsibility Is Social Responsibility The Corporation and/or..?
		16 Dedi Muhammad Siddiq,Indonesia	The Effect Of Market Value And Variance Return On Holding Period In LQ-45 Companies Listed in Indonesia Stock Exchange Year 2011-2013
		17 Irmawati,Indonesia	Green Work life Balance Employee of Company "A" and Company "B" in Semarang City
		18 Rustum Dy Cezar Gevero, Philipine	Strategies, Good Governance and Performance of Selected Cagayan de Oro City Cooperatives
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Committee

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Semarang Indonesia

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4. **Dr. Rizal Palil (Universiti Kebangsaan Malaysia)**

5. **Prof Hung Wen Shai (Providence University, Taiwan)**

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GREEN ENTREPRENEURSHIP: IMPLEMENTATION OF ACCOUNTING INFORMATION SYSTEM , QUALITY COST METHOD FOR INCREASING PROFITABILITY SMEs

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ABSTRACT

The research examines the effect Quality Cost (Prevention Cost, Appraisal cost, Failure Cost) with Accounting Information as Mediating Variable toward Profitability .This research use sample consisted of 51 Unit Small and Medium Enterprises food and drink in Semarang.

The data are taken from MUI Semarang. Selection of samples by using sensus sampling. The hypothesis testing model using Warp Partial Least Square analysis (PLS) version 3.1

The result of the research indicated, the Prevention cost and Appraisal Cost with mediating Accounting Information are factors that affect positively on Profitability Unit Small and Medium Enterprises . Internal and Eksternal Failure cost with mediating Accounting Information have negative result in Profitability Unit Samall and Medium Enterprises. These findings contribute that The scale SMEs enterprises that have the support of the standards of the MUI are indeed more attention to Cost Appraisal and Preventing Cost with mediating Accounting Information are accurate support profitability. The cost of external and internal failure has not been implemented by the average SME yet and it be fully reflected in the low attention of accounting information systems that support the information available internal and external failure costs, which affects the damaged goods before the expiration of goods ends. So these findings SMESs Enterprises are not only consider the quality of the goods, but also held a review for internal and external failures to increase customer satisfaction impacting the increase in sales.

Key words : Accounting Information, Quality Cost (Prevention Cost, Appraisal Cost,Failure Cost), Profitability

INTRODUCTION

Background of The Study

In the current globalization era where the opening of free trade from various countries, the Indonesian people not only suffered from the domestic competition but experience the challenge of competition from abroad. In terms of the role of the SMEs'employment also has an important role. Basically SMEs (small and medium industries) is a labor-intensive sector with little capital. It can absorb a lot of labor (Djoko, 2011). SMEs are known to be very stable to lift the Indonesian economy in times of crisis. SMEs must face the challenges of multinational companies which have advantages in terms of management, technology, network. This has become a strong threat for SMEs to compete in all fields. The empowerment of SMEs should be encouraged with empowerment strategy such as access to the business, market access, access to technology, access to human resources (HR), lobbying, relationship with stakeholders and business continuity (Djoko, 2011)

The majority of SME owners do not have a deep knowledge. SMEs just think short term and less oriented toward the long term. Efforts to improve its performance over conventional due to lack of knowledge in the field of business management, for example in determining the price of a product is often only focused on the general condition of the industry environment (Charland, 1999). Concerning labor is rarely accounted for as an expense allocated. Thus they are often inaccurate and often mistaken in terms of measuring the productivity of the business that will ultimately lead to business performance (Yusni, et al, 2009)

Accounting information can become a reliable basis for decision-making in the management of small businesses such as market development decisions, pricing and others (Margianin, 2007). SMEs often ignore the impact of financial management, without effective method of accounting, business prospects to succeed can become bankrupt (Bruwer and Watkins, 2010). Indicators decision can be taken from the accounting information in SMEs serve as stated Dharma (2010) : 1. Basic considerations and purchase of raw materials for production and means of production that will be used. 2. The decision regarding the determination of the selling price. 3. The application and request third-party funds (Bank). 4. Decisions of business development and the addition of floating human resources as well as the addition of a business asset.

According Sutianingsih and Handayani (2011) system accounting information presented in the form of financial statements make SMEs become more professional, because with the financial statements properly then it will be able to produce good quality information. In the present financial statements that either did not escape from the availability of information quality costs. According Prawirosentono (2007), prime quality

product would be more attractive to consumers, and it can ultimately increase the company's sales volume.

The cost of quality is an indicator of financial performance quality. The cost of quality as an indicator of program success quality can be attributed as company's profits, sales, cost of goods sold or the total cost of production. Cost of quality is Prevention costs or increased costs as a result of producing goods of inferior quality. These charges focus on quality and occurs in all business functions that emphasize value-added (Horngren, 2000). Increased sales by the decline in the cost then it certainly will increase profitability of the company. Quality costs consist of the cost of prevention, appraisal costs, internal failure costs, and the cost of failure eksternal. Increasing of quality impact on the profitability that was pursued by increasing customer demand and reduce costs. Intense competition in the market, increasing demand and cost savings can be deciding whether a business can thrive or just survive (Hansen and Mowen, 2009)

Ulfa and Rahardjo (2013) examined the quality management on the performance of SMEs and as a result there is a positive influence between the quality of their management on the performance of SMEs. According Gantiano and Erwin (2011), which examines the impact on the cost of quality and profitability, stating that the three variables such as prevention costs, appraisal fees, and the cost of failure significant positive effect on profitability. While the research results Martusa (2011) stated that among the three variable cost of quality is one of them internal failure costs are not considered important because the company put more emphasis on activities that prevent the arrival of defective products to consumers in comparison to prevent the defective product itself. The contribution of this study and difference with previous research is provide input Accounting Information Systems a good and accurat. It is supported by a complete quality cost allocation, which is expected to affect the profitability of SMEs. Because of the lack of previous studies most of them do not pay attention good accounting information with respect to the allocation of costs, especially prevention cost. Many of defective products to consumers even had been certified halal. When defective products can be reduced will result in the cost of failure can be reduced. If the accounting information provided complete, for example at the beginning of the known number of viable raw material for processed food or finances are reported yet, the cost of failure will be minimized, so that the quality is maintained and increased sales turnover. It is very interesting to study in Semarang especially SMEs in the food and beverage industry that has entered the list of standard test quality certified halal by the MUI Central Java. Whether the application of good accounting information system and the cost of quality such as prevention costs, appraisal costs, the cost of failure to effect positive the profitability of SMEs so that it can compete with multinational companies.

1.2 Statement of The Problem

Does Implementation of Accounting Information Systems and cost of quality methods are better able to increase the profitability of Semarang SMEs ?

1.3 Purpose of The Study

This study aims to prove the models that use accounting information systems and methods of quality cost can be used to improve the profitability of Semarang SMEs.

ANALYSIS OF LITERATURE ,THEORETICAL FRAMEWORK AND HYPOTHESIS

Small and Medium Enterprises (SMEs)

According to the Law No. 20 , 2008 about Micro, Small and Medium business Chapter 1 General Provisions Article 1, mantion that:

1. Micro business is a productive enterprise belonging to individuals and / or entities individuals who meet the criteria of micro enterprises as set in the law. 2 . Small businesses are productive economic activities that stand alone, which is done by the individual or business entity that is not a subsidiary or not branch of a company owned, controlled, or be a part either directly or indirectly, of a medium or large businesses that meet small business criteria as referred to in this law. 3. The medium-sized businesses are productive economic activities that stand alone, which is done by the individual or business entity that is not a subsidiary or branch company owned, controlled, or be a part either directly or indirectly with a small business or a large business with a number of wealth or annual net sales revenue as stipulated in this law.

Accounting Information System

According to Mulyadi (2010) definition of Accounting Information System is organizational forms, records and reports that they are coordinated to provide the financial information. It needed by management in order to facilitate the processing business companies.

Meanwhile, according to Emory (2000), the Acounting Information System characteristics includes carrying out the tasks required, hold on a relatively standard procedure, the detailed data handling, the historical focus and provide minimal troubleshooting information. From these definitions it can be concluded that the Accounting Information System is an activity input, process and output data that is performed by the company. Results of the final data that has been in the process of Accounting Information System aims as reporting for internal and external parties in order to exercise control over the company.

Quality Cost

According to Hansen and Mowen (2009) activities related to the quality is activities carried out because of bad quality or may have occurred.

Carter (2009) classify the cost of quality into three major classifications, namely:

1.Prevention Cost

Costs incurred to prevent failure of the product. Prevention costs are those costs incurred to design products and high-quality production systems, including the cost to implement and maintain these systems. Failure prevention begins with designing quality products into products and production processes. Preventive maintenance should be performed periodically of equipment and machinery to maintain a high quality. All employees, from top management to the workers in the factory should be constantly looking for ways to improve product quality.

2. Appraisal Cost

Costs incurred to detect failure of the product. Appraisal costs consist of the cost of inspection and testing of raw materials. The cost of inspection of products during and after the production process, as well as fees for obtaining information from customers regarding their satisfaction for the product.

3. Failure Costs

Costs incurred when a product fails. Such as failures can occur internally and externally.

a.Internal Failure Cost is costs incurred during the production process, like the rest of the cost of raw materials, the cost of defective goods, the cost of rework, and the cessation of production due to damage to the machine or run out of raw materials.

b.External Failure Costs is costs incurred after the product is sold, including the cost to repair and replace the defective product during the warranty period, the cost to handle customer complaints, and the cost of the loss of sales due to customer dissatisfaction.

Profitabilitas

According Sawir (2001), Profitability aims to determine the company's ability to generate profits a certain period, also aims to measure the effectiveness of management in running the company's operations. Sawir (2001) also suggests that profitability is a tool to measure the company's ability to earn a return. The effectiveness of the overall management will be visible in the profitability ratios. Leadership ability and success is measured also with this ratio, earnings and investments.

Model of framework theoretically is described as :

Figure 1
Theoritical Framework
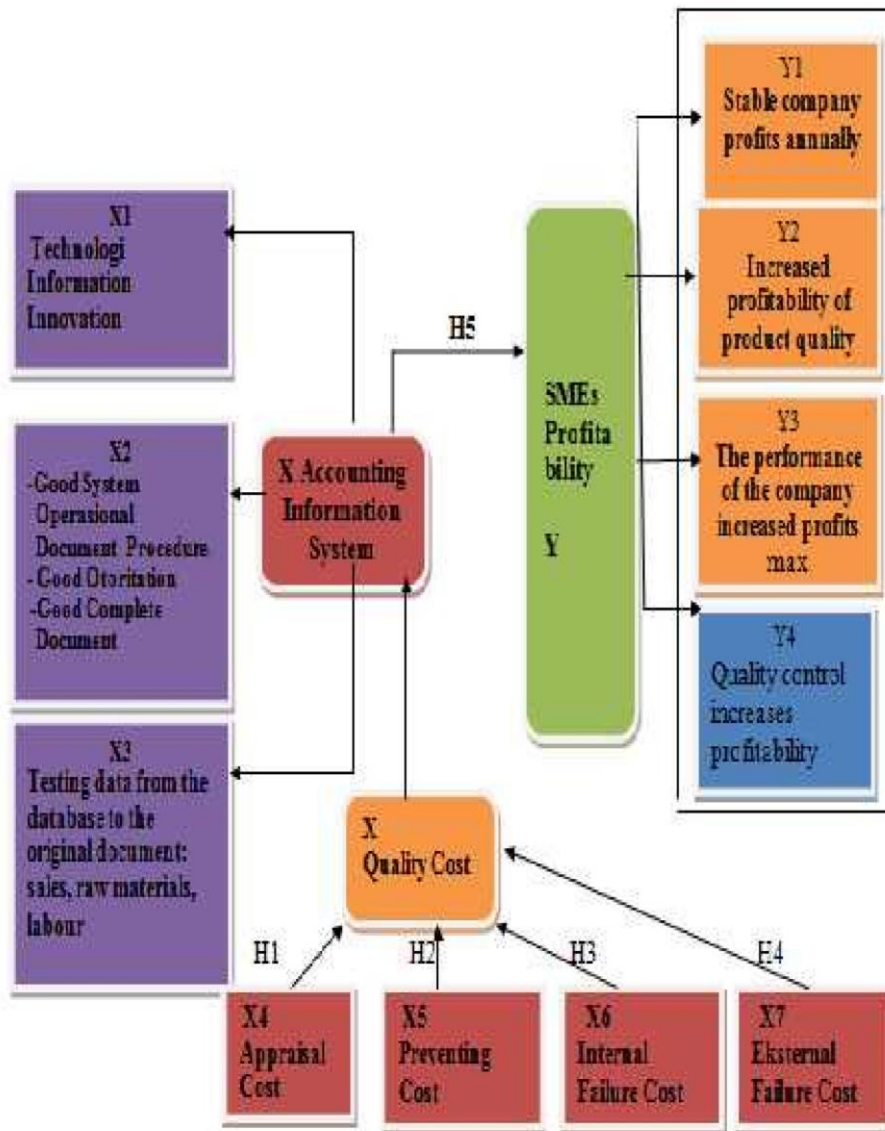
Source : Sawir (2001), Carter (2009), Hansen and Mowen (2009)

Hypotheses Development

According Sutianingsih and Handayani (2011) good system of accounting information is presented in the form of financial statements that can make SMEs professional, because the good financial statements will be able to produce good quality information. In the present good financial statements that either did not escape from the availability of information quality costs , in this case appraisal costs fully informed. According

Prawirosentono (2007), excellent quality product it would be more attractive to consumers, and can ultimately increase the company's sales volume.

H1: There is a simultaneous effect between Appraisal Cost mediated by the accounting information system implementation towards profitability.

Preventive maintenance should be performed periodically of equipment and machinery to maintain a high quality .Simultaneous influence Quality Costs towards Profitability are costs that arise because there may be or have bad quality products. Research on the effect of prevention costs to profitability by Matthew (2012) found that the cost of quality simultaneous positive effect on profitability.

H2: There is a simultaneous effect between Prevention Cost mediated Accounting Information Systems towards profitability.

Internal Failure Cost incurred during the production process, like the rest of the cost of raw materials, the cost of defective goods, the cost of rework, and the cessation of production due to damage to the machine or run out of raw materials. If this activities have trouble so it can influence quality of product. Influence Quality Costs towards Profitability are costs that arise because there may be or have bad quality products. Research on the effect of Internal Failure Costs to profitability by Matthew (2012) found that the Internal Failure Cost positive effect on profitability.

H3: There is a simultaneous effect between Internal Failure Cost mediated Accounting Information Systems towards profitability.

External Failure Costs incurred after the product was sold, including the cost to repair and replace the defective product during the warranty period, the cost to handle customer complaints, and the cost of the loss of sales due to customer dissatisfaction. Influence Eksternal Failure Cost towards Profitability are costs that arise because customer complaint as a result of bad quality products. Research on the effect of Eksternal Failure Costs to profitability by Matthew (2012) found that the Eksternal Failure Cost positive effect on profitability.

H4: There is a simultaneous effect between Eksternal Failure Cost mediated Accounting Information Systems towards profitability.
In the present good financial statements that either did not escape from the availability of information quality costs. According Prawirosentono (2007) , excellent quality product would be more attractive to consumers. It

can ultimately increase the company's sales volume. According Gasperz in Kawiana (2009), by paying attention to quality will have a positive impact to the business in two ways such as impact on production costs and the impact on revenue.

H5: There is a positive and significant influence between Quality Cost (Prevention Cost, Appraisal Cost, External Failure Costs, and the Cost of Internal failure) mediated Accounting Information Systems towards Profitability

Research Variable and Definition of Variable Operational

Research Variable

This study used two independent variable namely Quality Cost and Cost Accounting Information Systems and one dependent variable profitability of SMEs. Measurement of variables using a Likert scale are presented using a scale of 1-5 , where 1 is given the scale scores Strongly Disagree, and the scale of 5 was scored Strongly Agree (SS). Likert Scale used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena in the study specifically assigned as research variables (Iqbal ,2002)

Operational Definition

In the operational definition of this variable is formed by indicators indicators as follows:

• **Accounting information system**

Accounting information system is needed, especially on the part of management to help make decisions an organization. Accounting Information System is understanding of computer-based. This variable is measured with three questions. This question was adopted on the instrument developed by Boner and Walker (1994) in Sutianingsih (2011) uses three indicators with a Likert scale.

• **Quality Cost (Prevention Cost , Appraisal Cost, Internal Failure Cost, External Failure Costs)**

Carter (2009) classifies into four, namely Appraisal cost, prevention costs, external failure costs and the cost of internal failure. This variable is measured with five indicators for Prevention Cost and four indicators for Appraisal Cost and three indicators for Internal Failure Cost and three indicators for Eksternal Failure Cost. Measurement of variables using a Likert scale.

● Profitability

According Sawir (2001) Profitability aims to determine the company's ability to generate profits a certain period, also aims to measure the effectiveness of management in running the company's operations. This variable uses five indicators of profitability. Measurement of variables using a likert scale.

Method of Data Analysis

Collecting data by primary that already been checked about its reliability and validity. The aim of checking is to know consistency and acuration of data that's already been collected by the instrument. Next, the hypothesis will be evaluated by Path Analysis or Structural Equation Modeling Analysis (SEM) with Wrap Partial Least Square (PLS) verse 3,0 method as an alternative method, software Wrap PLS verse 3. PLS is a powerful analysis method because based on not many assumptions . Data have to measure by exact scale, few numbers of samples, appropriate to purpose prediction in high complexity and low support of the theory ,(Ghozali , 2006). Hypothesis 1 , 2, and 3 will be answered by estimate PLS parameter such :

1. **Outer model Measurement**

Outer model to the indicator evaluation reflexive with convergent and discriminant validity from their indicator and composite reliability for block indicator. Rules for receiving and reject of hypothesis are : convergent validity will be calculated based on correlation between component score and construct score which will be counted by PLS by watching the outer loading of each indicators and their significance value. Reflexive measurement will be indicated high if the correlation with constructing that be measured more than 0,70. Loading value that be suggested is more than 0,50 (positive) and p significance < 0,05. Indicator that lower than standard, must be dropped from models and have to evaluate again. Good Discriminant Validity is when being measured by comparison with AVE root from every constructs must be bigger than the correlation value among its constructs in the model (Fornell Dan Larcker, 1981).

2. **To measure Inner Model or Structural**
Inner model describes the connection among latent variable based on its substantive theory. The model formulation can be written as such :

ŋ = γPC ξ1+γAC ξ2 + γIFC ξ3+ γEFC ξ3 + ζ

Explanation :

ŋ (eta)   = latent variable endogenous (dependent) Profitability of SMEs

ξ1	= latent variable exogen (independent) Prevention Cost
ξ2	= latent variable exogen (independent) Appraisal Cost
ξ3	= latent variable exogen (independent) Internal Failure Cost
ξ4	= latent variable exogen (independent) Eksternal Failure Cost
ζ (zeta)	= error in the formulation is between exogen Variabl and endogenous Variable Toward Endogen Variable.
γ(gamma)	= direct connection exogen Variable with endogen Variable.

Inner model wants to see the connection between construct, significant value, and R-square value. Connection among construct can be seen from the result of coefficient path parameter model structurally dependent, Stone-Geisser Q-square test for predictive relevance and test t and significant. From coefficience parameter structural line (Ghozali, 2006).

Alternative hypothesis (HA) can be received when the path parameter value among other variable indicates direction positive on the significant level p<0,01 Just the opposite, HO value can be received when path parameter connection among latent variable indicates negative direction. Change of R–square can be used to measure impact of independent latent variable to dependent latent variable, is it has substantive impact

DATA ANALYSIS AND DISCUSSION

Descriptive Statistics

The data quesioners has been successfully collected 45 questionnaires from 51 questionnaires were expected. The descriptive profiles and descriptive respondents described below :

Description of Object Research

Respondents in this study are the owners and representatives of the owners and employees are entrusted decisions maker in SMEs in the region Semarang. The population of 51 SMEs questioner dissemination of food and drinks listed in MUI, until now only 46 questionnaires from SMEs foods and drinks listed MUI on the back to reseacher. SMEs food and drink consists of several clusters such as cooking oil, coffee, fish balls, wet bread, drinks, cassava chips, shredded, coffee, milk, tofu, tapioca flour, chicken pieces, wingko, syrup.

Evaluating Quality of Data
Output Laten Variable Coefficients

From table 1 is known that Q-squared upper than 0, it's means our model have good predictor validity (mantion 0,814 and 0,837) . Reliability instrument measurement such as *Cronbach value Alpha* and Composite realiability were expressed by six variables for each instrument have value upper than 0 ,70, so the data is reliable.

Table 1.

Output Laten Variable Coefficients

	Prevention	Appraisal	Internal Failure	Eksternal Failure	Accounting Information	Profitability
R-squred					0.810	0.835
Composite reliab	0.913	0.901	0.832	0.898	0.881	0.916
Cronbach's alpha	0.884	0.851	0.695	0.829	0.794	0.885
Avg. var.extrac	0.695	0.695	0.625	0.746	0.713	0.686
Full co lin VIF	36.339	6.411	2.753	6.752	23.559	17.684
Q-squared					0.814	0.837

Source : Primary data has been processed by Warp PLS 3.0, 2015

Output Combined loadings and Cross-loadings

Loading each indicator konstruk are bracketed and its p-value. There are two criteria for judging outer eligible models converge to construct reflective namely (1) loading must be above 0.70 and (2) significant p values (<0.05) (Hair et al, 2013). All loading marked all brackets already meets these criteria so all loading indicator qualify convergent validity. Examples PC 1 has a larger loading to construct P amounted to 0.790 above 0.70 and a significant p value (<0.05). This can be expressed as follow :

Table 2.

Output Combined Loading and Cross-loading

	Prevention	Appraisal	Internal Failure	Eksternal Failure	Accounting Information	Profitability	SC	P value
PC1	(0.790)	0.361	0.222	-0,467	-1.125	0.801	0.169	<0.001
PC2	(0.921)	0.495	0.238	-0,236	-0,315	-0,872	0.113	<0.001
PC3	(0.912)	-0,491	-0,136	0.232	-0,617	-0,238	0.093	<0.001
PC4	(0.903)	-0,325	-0,226	0.414	-0,833	-0,226	0.080	<0.001
PC5	(0.710)	0.002	-0,189	0.303	0.163	1.467	0.159	<0.001
AC1	-0,364	(0.719)	0.134	0.960	0.502	-1.823	0.177	<0.001
AC2	-0,667	(0.881)	0.159	-0,626	0.446	0.965	0.135	<0.001
AC3	0.656	(0.913)	0.054	-0,482	-0,463	0.335	0.078	<0.001
AC4	0.310	(0.813)	0.364	0.698	0.403	0.200	0.154	<0.001
IFC1	-0,768	0.182	(0.779)	0.179	0.653	-0,973	0.216	<0.001
IFC2	-0,959	0.065	(0.859)	0.369	0.364	0.501	0.235	<0.001
IFC3	1.629	-0,218	(0.822)	-0,533	-0,91	0.203	0.322	<0.001
EFC1	0.580	-0,101	0.123	(0.841)	-0,463	0.600	0.033	<0.001
EFC2	0.012	0.375	0.057	(0.907)	0.011	-0,486	0.131	<0.001
EFC3	-0,593	-0,303	-0,195	(0.841)	0.423	-0,077	0.114	<0.001
AIS1	1.646	0.495	0.256	-0,236	(0.891)	-0,672	0.118	<0.001
AIS2	2.099	-0,491	-0,136	0.232	(0.907)	-0,231	0.100	<0.001
AIS3	4.718	0.002	0.189	0.003	(0.715)	1.467	0.155	<0.001
P1	-0,016	0.194	0.094	-0,617	-0,282	(0.738)	0.176	<0.001

Source : Primary data has been processed by Warp PLS 3.0, 2015

According to Table 2 seen that loading every indicator in the construct upper 0,70 and all p value significance (<0,05) ,Thus, instruments which been used is valid to use.

Result of Hypothesis Testing

In this research, there are 5 hypotheses, that are tested SEM-PLS with Warp PLS 3.0 (Sholihin and Ratmono, 2013)

Testing of Hypothesis Quality Cost (Prevention Cost and Appraisal Cost, Internal Failure Cost, Eksternal Failure Cost) with mediation Accounting
Information System have impact to Profitability
Outer Model and Inner Model Testing

Result of Outer Model whole of variables PC, AC, IFC,EFC, AIS , P show *reliable* enough loading value upper than 0,50 and p sig <0,05, that can be seen in picture 2 below.

Figure 2
Result Outer Model All Variables
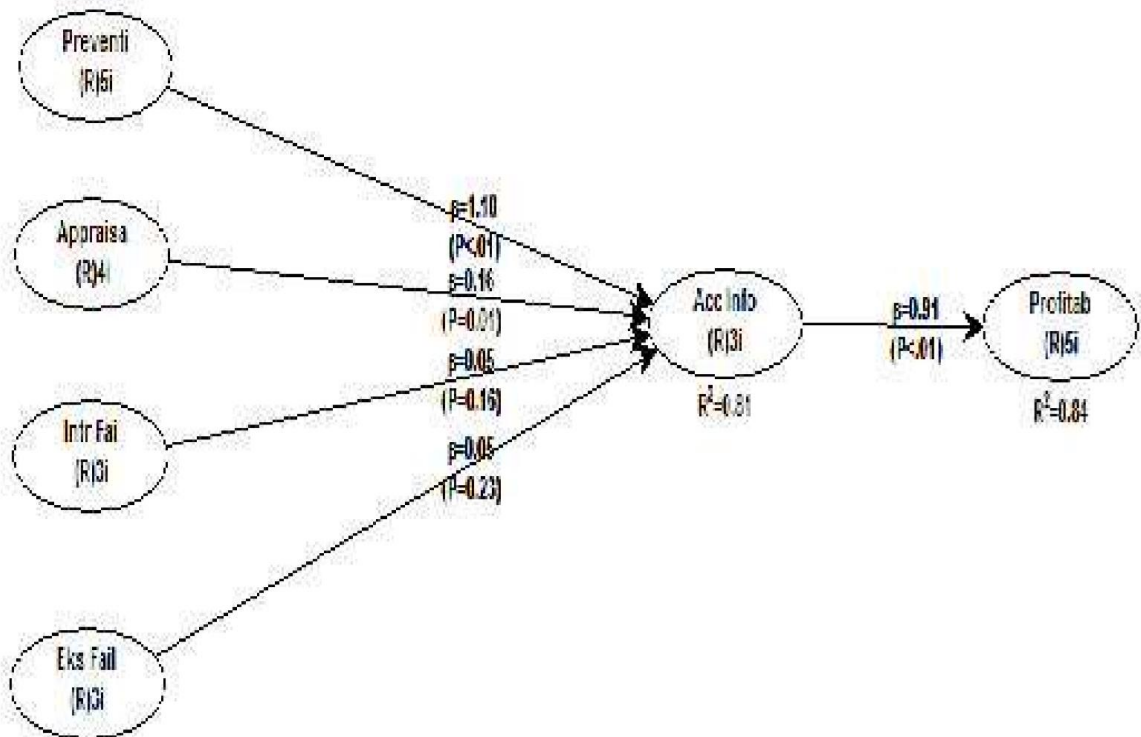
Output Correlations among Latent Variables :

This Output is important to evaluate discriminant validity of the study. Overall constructs in the model estimated discriminant validity meet the criteria. Display the output in table 3. Correlations between Latent Variables show where the roots AVE has a value greater than the correlation between constructs that have a lower value. Examples Discriminant validity of the construct Prvention Cost (PC) has a great value because the roots of AVE 0.984 greater than 0.838, 0.651,0.868,0.974,

0925

Table 3.

Output Correlations among Latent Variables

Laten Variable correlations						
	Prevention	**Appraisal**	**Intern Failure**	**Ektern Failure**	**Acc Info System**	**Profitability**
Prevention	**(0.984)**	0.838	0.651	0.868	0.974	0.925
Appraisal	0.838	**(0.915)**	0.630	0.815	0.764	0.904
Intern Failure Cost	0.651	0.630	**(0.791)**	0.758	0.602	0.754
Ekst Failure Cost	0.868	0.815	0.758	**(0.923)**	0.830	0.913
Acct Failure Cost	0.974	0.764	0.602	0.830	**(0.878)**	0.877
Profitability	0.925	0.904	0.754	0.913	0.877	**(0.929)**
Note : Square roots of average variances extracted (AVE's) shown on diagonal						

Tabel 4.

Output Laten Variable Coefficients

	Prevention	Appraisal	Internal Failure	Eksternal Failure	Accounting Information	Profitability
R-squred					0.810	0.835
Composite reliab	0.913	0.901	0.832	0.898	0.881	0.916
Cronbach's alpha	0.884	0.851	0.695	0.829	0.794	0.885
Avg. var.extrac	0.695	0.695	0.625	0.746	0.713	0.686
Full co lin VIF	36.339	6.411	2.753	6.752	23.559	17.684
Q-squared					0.814	0.837

Source : Primary Data has been processed by Wrap PLS 3.0 , 2015

Other testing is a reliability from the block indicator that measures are constructed. The result is satisfying composite Reliability with value 0.918

for Prevention Cost and 0.901 for Appraisal Cost, 0.832 for Internal Failure Cost and 0.898 for Eksternal Failure Cost, 0.881 for Accounting Information System and 0.916 for Profitability

*Testing of Inner Model or Testing Model Struktural

At Table 4, R-square value as 0.835 it means that construct variability

Profitability can be explained by Construct Prevention Cost (PC), Appraisal Cost (AC), Internal Failure Cost (IFC), Eksternal Failure Cost (EFC), Accounting Information System (AIS) as 83,5 %, whereas the rest as 16,50% is explained other variable outside model. Result Path coefficient and P values as significance indicator are seen in output Table 5

Table 5.
Output Path coefficient and P values

Path coefficients						
	Prevention	Appraisal	Internal Failure	Eksternal Failure	Accounting Information	Profitability
Prevention						
Appraisal						
Internal Failure						
Eksternal Failure						
Accounting Information	1.104	0.160	0.053	0.048		
Profitability					0.914	
P values						
	Prevention	Appraisal	Internal Failure	Eksternal Failure	Accounting Information	Profitability
Prevention						
Appraisal						
Internal Failure						
Eksternal Failure						
Accounting Information	<0.001	0.014	0.155	0.227		
Profitability					<0.001	

Source : Primary Data has been processed by Wrap PLS 3.0, 2015

Testing of connection inter constructs indicate that Prevention Cost construct with mediation Accounting Information System impacts to Profitability as 1,10 significance at p <0,01, whereas Appraisal Cost with mediation Accounting Information System impacts to Profitability as 0,16 significance at p <0,01. But construct Internal Failure Cost with mediation Accounting Information System does not affect the profitability as 0.05, the results showed no significant because kooefisien 0.15, p = 0.15 (p> 0.01). As well as to construct External Failure Cost with mediated Accounting Information System does not affect the profitability, the results showed no

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significant because kooefisien 0.05, p = 0.22 (p> 0.01) This means that the accounting information system at the time of their Internal Failure Cost and external Failure Cost do not be a mediating variable. The conclusion, Accounting Information System mediates the relationship between Prevention Cost and Cost Appraisal towards Profitability. At the time of dealing with Internal and External Failure Failure Cost, Accounting Information System does not mediate relationship with profitability.

Discussion

Hypothesis 1: There is a simultaneous effect between Appraisal Cost mediated by the accounting information system implementation towards profitability.

Output Path coefficient and P values are shown in Table 5, which examined the relationship between constructs can be concluded constructs Appraisal Cost is mediated by Accounting Information System affect the profitability of 0.16 significance at p <0,01. Result of this research was supported by Sutianingsih and Handayani (2011) good system accounting information is presented in the form of good financial statements both in terms of the completeness of the availability of cost assessment. It can make SMEs professional, because with the good financial statements properly , it will produce good quality information.

This may imply that based on the distribution of the data SMEs standart MUI, SMEs food and beverage are adopting cost of assessments in advance with the activities monitoring and supervision, inspection and testing. It gave a great impact on the good quality of products. This indicates that SMEs conducting periodic assessments can produce good product quality standards and the good feedback from buyer, thus increasing profitability SMEs

Hypothesis 2 : There is a simultaneous effect between Prevention Cost mediated Accounting Information Systems towards profitability.

Results test illustrate that the relationship between the constructs Prevention Cost is mediated Accounting Information Systems effect on the profitability of 1.10 significant at p <0.01

This may imply that the second hypothesis could be accepted. Based on the distribution of data in the standard MUI SMEs in the food and beverage SMEs that their cost of prevention (manufacture of quality planning, reporting quality costs, quality audits and field test activities) can increase profitability, because before getting standard of MUI, the average SMEs activities field tests used to maintain the quality of their products, should not be exposed to customer complaints. Steps being taken as quality planning, reporting the cost of quality, selection and evaluation of suppliers to the field test activities. It is really able to improve the profitability of SMEs.

Hypothesis 3 : There is a simultaneous effect between Internal Failure Cost mediated Accounting Information Systems towards profitability.

Constructs Internal Failure Cost is mediated by Accounting Information System does not affect the profitability as 0.05, the results showed no significant because kooefisien 0.15 p = 0.15 (p> 0.01).

Internal failure costs here represented by reworking, re-examination and retesting has low value because there is still reworking and the re-evaluation activities is very low. There is a lot of researchers confirm to the respondents and the answering is the swelling costs and capital. So that activities are rarely carried out by SMEs. So based on this data distribution reject the hypothesis. The activities of internal failure costs reduce profitability.

Hypothesis 4 : There is a simultaneous effect between Eksternal Failure Cost mediated Accounting Information Systems towards profitability.

Constructs Eksternal Failure Cost is mediated by Accounting Information does not affect the profitability, the results showed no significant because kooefisien 0.05 p = 0.22 (p> 0.01). This means that the accounting information system is not the mediating variables Eksternal Failure Cost. External Failure Costs represented by warranty costs, repair costs and the cost of take care customer complaints have low value of the perception of employee SMEs. according to argument employee SMEs to provide the warranty is still lacking and to adopt a customer complaint facilities and infrastructure is also lacking. In this case the external failure cost allocation does not applied a lot. This activity has not increased profitability.

Hypothesis 5 :There is a positive and significant influence between Quality Cost (Prevention Cost, Appraisal Cost, External Failure Costs, and the Cost of Internal failure) mediated Accounting Information Systems towards

Profitability

At Table 5, Accounting Information System mediates the relationship between Prevention Cost and Cost Appraisal towards Profitability. At the time of dealing with Internal and External Failure Failure Cost, Accounting Information System does not mediate relationship with profitability.

R-square with a value of 0835, which means constructs Profitability variables can explained by construct Prevention Cost (PC), Appraisal Cost (AC), Internal Failure Cost (IFC), External Failure Cost (EFC), Accounting Information System (AIS) 83, 50%, with the remaining 16.50% is explained by other variables outside the model

CONCLUSION, IMPLICATIONS, SUGGESTIONS AND LIMITATIONS

CONCLUSION

Based on testing results and discussion, can be deduced :

1.   The scale enterprises SMEs are indeed quite have the support of the standards of the MUI. Based on data Semarang SMEs centers are indeed more attention to Cost Appraisal and Preventing Cost with accurate Accounting Information. This cost support profitability Semarang SMEs.

2.   The cost of external and internal failure average has not been implemented by the SMEs and reflected   low supporting available of accounting information systems especially about aplication internal and external failure costs. As a result many product of SMESs have damaged before time of product expired.

3.   The last three years, the owners of SMEs prefer quality to improve customer satisfaction, thereby increasing sales turnover. So these findings for the next , SMEs do not only consider the quality of the goods, but also held a review for internal and external failures to increase customer satisfaction impacting the increase in profitability sales

SUGGESTION

 Due to very high benefits from the cost of quality and availability of good accounting information systems, it is advisable to further research and SMEs do not implement only the cost of quality assessment and appraisal costs but also pay attention to internal failure costs and external failure . So with good product quality, the products of SMEs will be sold in the market with increasingly higher profit and compete with export quality goods. The importance of attention to competitive prices, availability of good raw materials.

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