The Effect of Knowledge, Perceived Usefulness and Social Norms
on Intention to Prepare Integrated Reporting in SMEs

Muslichah Muslichah[1], Wiyarni Wiyarni[2], Enggar Nursasi[3]

ABSTRACT

This study aim to explore the effect Integrated Reporting (IR) knowledge on Intention to prepare, with social norms as a moderating variable and perceived usefulness as a mediating variable. This study used a survey questionnaire in collecting data from SMEs Owners. Before filling out the questionnaire, SME owners were given training on integrated reporting. The sampling technique used is quota sampling. This study was conducted in four cities located in East Java province. For each of these cities, thirty SME owners were chosen as respondents to be included in the IR training. There are one hundred twenty (120) SME owners participated in this study. Overall, the results indicated that (1) IR Knowledge does not affect the intention to prepare IR; (2) IR knowledge significantly affects perceived usefulness; (3) Perceived usefulness significantly affects the intention to develop IR; (4) Perceived usefulness mediate the relationship between IR knowledge an intention to prepare; (5) Social norms moderate relationship between IR knowledge and intention to prepare IR. This paper adds empirical research on the application of IR in SMEs, which is still rarely studied. The practical implications of this study emphasize the importance of the government or professional institutions to develop IR standard for SMEs.

1.   Introduction

In recent years the awareness of the business community and stakeholders about the importance of business reporting has increased. Companies usually only present financial statements. However, financial statements are considered not able to show a comprehensive picture of a company. In recent years companies have begun to present non-financial information related to the impact of operation of a certain business on the community and the environment in which the company operates. The responsibility of the company is not only to generate profits but also includes being responsible for

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[1] STIE Malangkucecwara, Indonesia. Email: muslichahmachali21@gmail.com
[2] STIE Malangkucecwara, Indonesia. Email: Wiyarni_08@yahoo.com
[3] STIE Malangkucecwara, Indonesia. Email: enurs@stie-mce.ac.id

environmental preservation and improving the social welfare of the community(Thomsen, 2013;Clayton et al., 2015). A company is not an independent entity responsible only to shareholders, but also to stakeholders.So far, non-financial reporting has only been carried out by large companies, but recent research shows that non-financial reporting has even begun to be presented by SMEs (Massa et al.,2015; Hasan, 2016; Baldo, 2017). Reports that combine financial and non-financial information in one statement are called integrated reporting (Ernst & Young, 2012; de Villiers and Maroun, 2017)

A critical stage in the process of presenting Integrated Reporting (IR) is stakeholder engagement, which is to identify and categorise stakeholders to meet their needs and expectations. A stakeholder engagement process can serve as a tool to understand the fair expectations and interests of stakeholders, as well as their non-financial information needs. Stakeholder engagement has emerged as an important tool for understanding the reasonable expectations and interests of different stakeholders (Ayuso et al., 2011; Aylhugba, 2012; Kaur and Lodia, 2014;Kaur and Lodia, 2018; Ferrero et al., 2018). Stakeholder engagement facilitates organisations to recognise stakeholders' information demands regarding content, form and media to prepare a sustainability report that meets their specific needs (Isenmann and Kim, 2006). Stakeholder engagement is increasingly recognised as a crucial element of IR (Manetti, 2011). A range of media can be used for engaging stakeholders in activities. These include: questionnaires; telephone; interviews;; public meetings; round table discussions; community forums; seminars; conferences and workshops; and briefing sessions (Cummings, 2001; Belal, 2002; Thomson and Bebbington, 2005). However, the selection of the appropriate engagement method is dependent upon the size, geographical location, resource availability and nature of stakeholders to be involved (Gao and Zhang, 2001; Belal, 2002).

Integrated reporting (IR) has become an essential feature of internal and external reporting, which can be presented by all companies, both large companies, and SMEs. All companies strive to achieve sustainability and protect resources for future generations.Companies incorporate financial information and non-financial information about their environment, social, and governance into IR (Camilleri, 2018). IR connects between several types of resources - financial, physical and intangible assets, such as social and intellectual capital and environmental, social and governance parameters, significant quantitative and qualitative performance and risk indicators, business strategies and performance(De Villiers et al., 2014;Stubbs and Higgins, 2014).The relevance of IR for SMEs is to improve relationships with stakeholders (including the financial community), improve the reputation and growth of the company through value creation (CIMA, 2015). Value is created through the organization's business model, input in the model is capital, which is then converted through business activities and to produce outputs that can be in the form of creation or destruction of value for the organization, its stakeholders, society and the environment (IIRC, 2016).

The increasing interest of the company towards IR has encouraged researchers to study various components of IR, for example: materiality judgement (Green and Cheng, 2018), forward-looking disclosures (Kılıç and Kuzey, 2018), information quality (Toit et al, 2017), decision usefulness (Slack and Tsalavoutas, 2018), IR at universities (Brusca et al., 2018), role of preparers (Lai et al., 2018). Research on non-financial information at SMEs is still focused on sustainability reporting (e.g., Hasan, 2016; Massa et al.,2015), and only a few studies IR in SMEs (Baldo, 2017; Kaya, and Türegün, 2014).

Although there have been many studies that examine various aspects of IR. But there is no empirical research conducted to test the variables that affect the intention to use IR. This research tries to apply Theory Acceptance Model (TAM) in the implementation of IR for SMEs. TAM is the most influential and most used technology acceptance model (Wang et al., 2003; Legris, Ingham, & Collerette, 2003; Akour and Dwairi, 2011; Patwardhan and Dhume, 2014; Wahdain & Zakaria, 2014; Koç and Okursoy, 2016). The technology acceptance model (TAM) suggests that perceived usefulness influence an individual's intention (Davis et al.,1989; Pillai and Mukherjee, 2011; Wang and Lin, 2012; Park and Kim, 2013; Wong et al., 2013; Ooi and Tan, 2016). The constructs investigated in this study were perceived usefulness from the original TAM and subjective norm from the extended TAM2. Therefore, The primary objective of this research is to extend the TAM and TAM2 in the context of IR, and propose a new external variable (IR knowledge) to enhance the understanding of an individual's acceptance behavior on IR.

The paper is organised as follows. The next section focuses on the theoretical background. This is followed by a review of TAM, knowledge, perceived usefulness, social norms and intention to

prepare IR. Section 3 outlines the research method used in this study. Sections 4 present findings of this study and discuss them in light of the literature review. Finally, Section 5 presents the conclusions which include summary of key findings, limitations and recommendations for future research, and implications on theory and practice.

2.   Literature review

2.1   Technology acceptance model

TAM initiated by Davis (1989) is an extension of the Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975). TAM in an attempt to understand why people accept or reject information systems. Earlier TAM studies have used various types of models to get a broader perspective and a better explanation of the process of receiving technology in individuals. TAM has been extensively researched in Indonesia to examine consumer behavior and system acceptance, for example, people's interest in e-learning, acceptance of information systems, acceptance of audit techniques, electronic procurement, application of information technology, internet banking, mobile internet, and others (Renny et al., 2013).   The original TAM model (Figure 1) introduced three main variables as precursors affecting the actual utilization of a system or a technology: Perceived Ease of use, Perceived Usefulness, and Attitude toward using the target system. Both Perceived ease of use and perceived usefulness were loading factors on attitude toward using a system or a technology with the outcome variable being the actual utilization of a system.
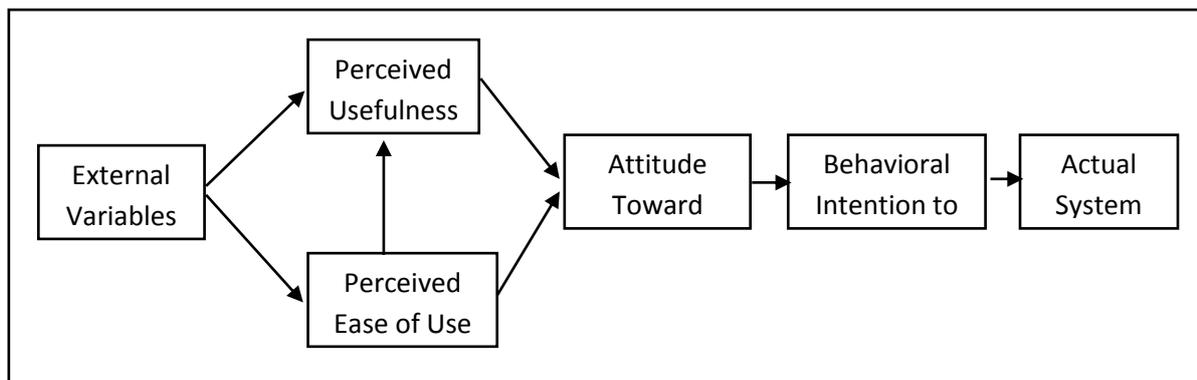

Figure 1. Original technology acceptance model

An extension to the technology acceptance model (TAM2) was developed by Venkatesh and Davis (2000) that outlined perceived usefulness and usage intentions as it related to the processes of social influence and cognitive instrumental (Figure 2). Venkatesh and Davis (2000) extend the original TAM by incorporating three social influence processes (subjective norm, voluntariness, and image) and four cognitive instrumental processes (job relevance, output quality, result demonstrability, and perceived ease of use) relative to the original TAM perceived usefulness construct.This study uses original TAM and TAM2 for IR acceptance for the following two reasons. First, original TAM provides flexibility because external variables can be expanded by entering knowledge variable that correspond to research purposes. Second, TAM The original difference in Technology Acceptance Model (TAM) by Davis (1989) and Technology Acceptance Model 2 (TAM 2) by Venkatesh and Davis (2000) is the presence of external variables which include subjective norms, which are used as moderating variables in this research.
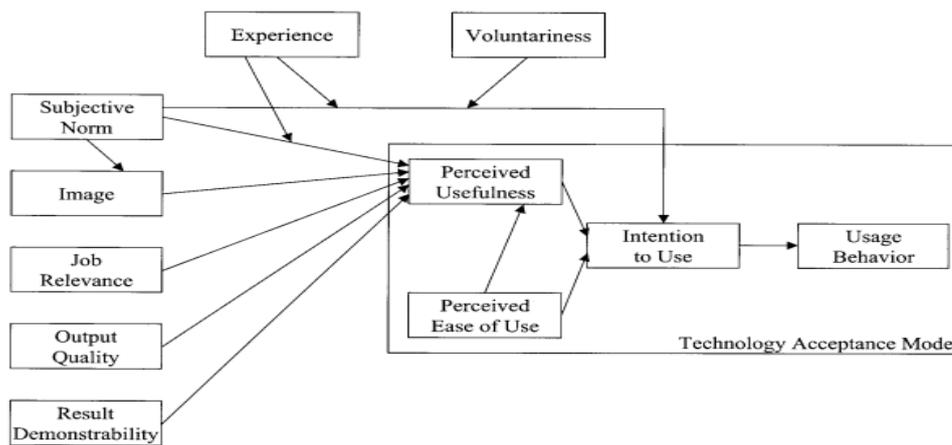
Figure 2. Technology Acceptance Model 2

2.2   Integrated reporting

IR is a report that links financial and nonfinancial performance in one report (de Villiers and Maroun, 2017; Adams, 2015; Beck et al., 2017). IIRC (2011) defines IR as is an organization's communication of information reflected in a report addressed to stakeholders about the creation of value in the short, medium, and long term. IR is the kind of reporting that covers much broader and more than sustainability reporting (SR). IR combines the financial, economic, governance, and social aspects of the company. IR has a focus not only on shareholders but also on stakeholders.IR is a report that is used to communicate organizational strategy with corporate governance, three dimensions of sustainability. The primary purpose of IR is value creation in the short, medium, and long term (Simnett and Huggins, 2015).

2.3   Knowledge

Zafar and Khan (2013) state that experience and knowledge are contributing factors to increase intention and success. They also state that knowledge can be learned both formally and informally. IR reporting on SMEs is a new perspective; through training, SME owners will have the knowledge and skills to implement it. Training can create self-efficacy and self-confidence (Mueller,2011). In this paper, IR training is a process designed to increase SME owners' knowledge. The term knowledge is used to describe SME owners' knowledge and understanding regarding the IR.

2.4   Perceived usefulness

The perception of usefulness is to the extent where someone believes that using technology will improve his performance (Van der Heijden, 2003). Individuals will use a particular technology if that person knows the positive benefits of using that technology (Hu et al., 2009; Lai and Wang, 2012). Similarly, Davis (1989) defined that the perceived usefulness is the degree of a person's belief that using a particular technology would enhance his performance. This study defines perceived usefulness as the degree to which a person believes that perceived value of IR would improve his performance.

2.5   Social norms

Tsai, Chang, and Peng (2016) stated that social norms are a person's perceptions of other people's acceptance, such as family, colleagues, friends, and significant others, who would
Influence the individual decision towards the intention to prepare IR. Similarly, Krueger (2000) viewed that individual's intentions are also influenced by perceived social norm. Norms are determined by the expectations felt by individuals about people considered important to him, such as relatives, friends, and colleagues. Social norms are accepted behaviors that form within a society or group. Individuals often change their cognitive behavior to meet the expectations of others or comply with

group norms (Fishbein and Ajzen, 1975). Previous studies have categorized social influence into two types:

(1) informational influence; and
(2) normative influence (Karahanna et al., 1999).

2.6   Intention to prepare IR

The intention to behave is based on a clear concept in psychology and consumer behavior (Fishbein and Ajzen, 1975). Behavior intention is also defined as a person's perception that he will perform certain behaviors(Agrebi and Jallais, 2015). Ajzen (1991) suggested that intentions are presumed to be an indicator of to what extent people willing to approach specific behavior and how many attempts they are trying to perform a particular behavior. In this research, the intention to prepare is defined as the SME owners' intent or expectation to prepare IR in the future.

2.7   Hypotheses development

1. The effect of knowledge on the intention to prepare IR

Knowledge is an understanding of something. It is the cognitive processing of information. Through training, a person can acquire new knowledge, and ultimately form an attitude. IR knowledge can affect SME owners a way of thinking, and it is reflected in their intention to prepare IR. In other words, IR training and education aim to change the recipient's orientation, attitude, and perception. Training also provides IR knowledge, skills, and competencies needed by individuals, and can encourage them to develop IR. Hence, the researchers posit:

H1: Knowledge significantly affects the intention to prepare IR

2. The effect of IR knowledge on perceived usefulness

Linan (2008) viewed that training should be carried out to meet the specific needs of a different audience. Traditionally a company as a business entity has an economic goal to be achieved, namely maximizing profits. The company's emphasis on its economic goals has caused companies to ignore social and environmental responsibility. But today, the demands of stakeholders are increasing for companies to engage in corporate social responsibility (CSR) (González-Rodríguez et al., 2015; Malsch, 2012). Corporate involvement in CSR activities is indicated to have benefits to improve the company's financial performance. Companies that have high levels of social performance are companies that can meet the demands of different stakeholders. Therefore, the company can gain support from its stakeholders, thereby impacting on improved financial performance (Lu and Taylor, 2018). In IR training, trainees will gain new knowledge about IR, both theory and practice. The knowledge gained by trainees will increase their understanding of the usefulness of IR. Thus, fostering IR training will enhance the perceived usefulness of IR. Based on the explanation above, the hypotheses can be formulated as follows.

H2: knowledge significantly affects perceived usefulness

3. The effect of Perceived usefulness on the intention to prepare

SME owners will tend to make IR if they perceive IR to be useful for their business. Tan and Teo (2000) argue that perceived usefulness is a crucialfactor in determining the adaptation of innovations. As a consequence, the higher the perceived value of using IR, the more likely that IR will be adopted. Park and Chen (2007) found that users' perceived usefulness positively influenced user intention to use smartphones. Park and Kim (2013) explored user acceptance of long-term evolution (LTE) services. Their study showed that the perceived usefulness of LTE services had positive effects on user intention to use the service. Kim et al. (2008) showed that perceived usefulness affected the continued intention to use a short message service that provided practical benefits to users in search of effective communication alternatives. IR helps shapes and increases the individual perception and attitude towards the intention to prepare IR. The greater knowledge of IR by an individual would lead to a higher propensity towards the SME owners intention to prepare IR. This study, therefore, proposes the following hypothesis:

H3: Perceived usefulness significantly affects the intention to prepare IR

4. Perceived usefulness mediate   the relationship between IR knowledge and intention to prepare

TAM clearly indicates that the perceived usefulness and perceived ease of use would act as mediator (Wang and Lin, 2012; Park, 2009), rather than its independent effect as proposed in other user acceptance studies (Suki and Ramayah, 2010; Nah et al., 2004; Sledgianowski and Kulviwat, 2009). IR knowledge will add to the belief that IR is useful and meet the expectations of its stakeholder. Perceived usefulness of IR will then be able to establish intention in SME owners behavior to prepare IR continuously. Based on the description, the fourth hypothesis can be formulated as follows:

H4: Perceived usefulness mediate the relationship between IR knowledge and intention to prepare

5. Social norms moderate the effect of knowledge on the intention to prepare IR

Meek, Pacheco, and York (2010) state that social norm as a set the unwritten rulesthat guide the behavior of a group peer, family, or colleagues which can influence the actions. In a given community, the existence of norms is to force individuals or groups to act following existing rules. Social norms can also be interpreted as guidelines or benchmarks of behavior that is justified and appropriate when doing social interaction in particular community groups(Mackie et al.,2012). Tsai, Chang, and Peng (2016) argues that social norms are individual perceptions of acceptance of others, such as family, friends, work colleagues. All of them can influence individual intention. It is hypothesized that social norms moderates the relationship between IR knowledge and Intention to prepare IR. Under high perceived social norms, increased IR knowledge is likely to increase intention to develop IR. The explanation leads to the following hypothesis:

H5: Social norms moderate relationship between IR knowledge and intention to prepare IR

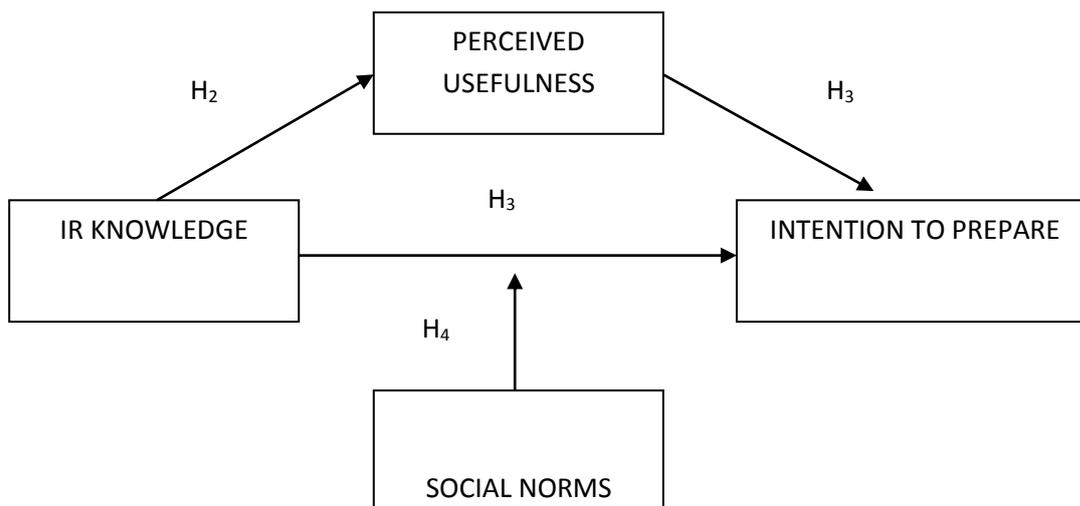Based on the hypotheses development above, the model of this research is depicted in Figure 3 below.

Figure 3. Research Model

3. Research method

This study examines SMEs located in four cities in East Java. A small enterprise is defined as an actively business that has annual sales is between 300 million – 2.5 billion Rupiah, and medium enterprise has annual sales more than 2.5 billion – 50 billion billion Rupiah. The sampling technique used was quota sampling, where each city selected 30 SME owners to participate in this study. The sample was chosen based on several criteria. First, the SME owners are actively involved in the activities carried out by the cooperative and UKM offices. Second, SME owners should prepare financial reports regularly for at least the last five years. The selection of SME owners based on these two criteria was carried out with the help of stafs from the cooperative's office. The participation of these stafs in the selection of samples is important because they understand about the target company, where based on their experience the SME owners are indeed qualified to be included in the training. This study used a structured questionnaire based on the literature review and other relevant studies. Before filling out the survey, owners were first given a two-day training theory and practiceon IR. This study uses 3 types

of variables, namely dependent, independent, moderating and intervening. The variable identification is presented in Table 1.

Table 1.

Variable Identification

Hypotheses	Independent variables	Mediating variables	Intervening variables	Dependent variables
H1	Knowledge			Intention to prepare IR
H2	Knowledge			Perceived usefulness
H3	Perceived usefulness			Intention to prepare IR
H4	Knowledge	Perceived usefulness		Intention to prepare IR
H5	Knowledge		Social norms	Intention to prepare IR

The indicators for each dimension and the literature references are compiled in Table 2. Modifications were made to the wording of the questionnaire to match the variables being measured. A five-point Likert scale (1 strongly disagree; 2 disagree; 3 quite agree four agree; 5 strongly agree) was used for all variables. Table 2 shows Survey indicators used in this study.

Table 2.

Survey indicators used in this study

Construct	Indicators	References	No. of items
IR Knowledge (IR)	Financial and nonfinancial information Stakeholder interest and expectation Provide economic, social and environmental information Value creation	GRI (2016) IIRC (2013)	7
Social Norms (SC)	Peer Government Environment	Yusuf et al. (2017).	5
Perceived usefulness (PU)	Better information Better decision making Better transparency Facing business competition Better reputation	Pillai and Mukherjee, (2011), Wang and Lin, (2012), Park and Kim, 2013; Wong et al. (2013), Ooi and Tan (2016)	5
Intention to prepare (IP)	The worthiness of using, Intention of using in in the future recommendation	Teo (2009),Liang and Lu (2013), Hsu and Lin (2015), Yang et al., (2016)	3

The following Table 3 presents the average variance extracted (AVE), composite reliability, and cronbach alpha. AVE is used to see discriminant validity, where it is required that the AVE value of each construct is greater than 0.5. Composite Reliability and Cronbach Alpha are used to measure construct reliability. Composite reliability (sometimes called construct reliability) is a measure of internal consistency in scale items, much like Cronbach's alpha (Netemeyer, 2003). Both values must be above 0.70, which is considered reliable.

Table 3.

Reliability Test

	Cronbach Alpha	Composite Reliability	Average Variance Extracted (AVE)
IP	0.717	0.842	0.641
IR	0.970	0.970	0.843
PU	0.883	0.919	0.739
SC	0.894	0.922	0.704

4.   Result and discussion

4.1   Demographic profile of respondents

The following table 4 presentsSMEs owners profile who are respondents of the study.

Table 4.

Respondents' Profile

Description	Frequency	Percentage (%)
Age		
<29 years	11	9.17
30-39years	27	22.50
40-49years	51	42.50
50-59 years	31	25.83
Total	120	100
Gender		
Male	50	41.67
Female	70	58.33
Total	120	100
Highest Education		
Junior high school	15	12.50
Senior high school	51	42.50
Diploma	11	9.17
Bachelor	41	34.17
Master	2	1.67
Total	120	100
Type of business		
Service	2	1.6
Trading	35	29.17
Manufacturing	71	59.17
Others	12	10.00
Total	120	100
Sales per year		
More than 300 million – 2,5 billion rupiah	96	80
More than 2,5 billion – 50 billion rupiah	24	20
Total	120	100
Period of running a business		
< 1 year	12	10.00
1- 5 years	22	18.33
6-10 years	49	40.83
>10 years	37	30.83
Total	120	100

Table 4 shows the demographic profile of the respondents in this study. Table 4 shows 42.50 % of SME owners aged between 40 - 49. Thirty-one SME owners (25.83%) aged above 50 years. Then followed by 27 owners (22.50%) aged between 30-39 years, 11 owners (9.17%) aged under 29 years. As presented in Table 4, more women than men, 70 owners (58.33%) were female respondents, and the remaining 41.67% (50 respondents) were men. Furthermore, when viewed based on the highest

education, 51 owners (42.50%) graduated from high school, 41 owners (34.17 %) hold bachelor degree, 15 owners (12.50%) graduated from junior high school, 11 owners (9.1%) diploma graduates and the remaining 2 participants (1.67%) have a master degree. Judging from the type of business, Table 4 shows that most (59.1%) are manufacturing companies, 35 SMEs (29.1%) are trading, 12 companies (10%) are others, and the remaining 2 SMEs (1.67%) services. Furthermore, 96% of SMEs have annual sales of more than 300 million - 2.5 billion, 24% of SMEs have sales of more than 2.5 billion - 50 billion. Finally, judging from the period running business, most SMEs (40.83%) have period of 6-10 years, 37 SMEs (30.83%) have period >10 years, 22 SMEs (18.33%) have a period of 1-5 years, and the remaining 12 SMEs (10 %) have a period of under 1 year.

4.2   Hypothesis testing and discussion

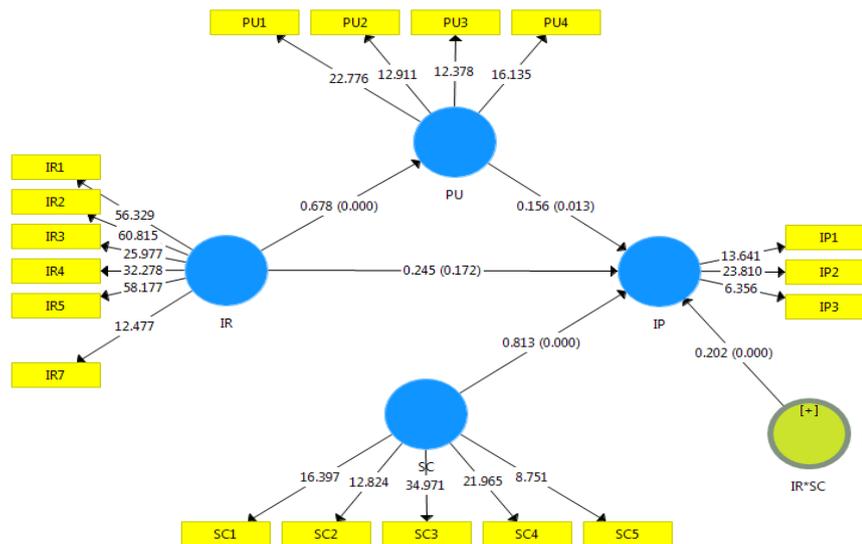Figure 4 shows the inner model, and table 5 shows the path coefficient of this study.

Figure 4. Inner model

Table 5.
Path coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
IR→IP	0.245	0.293	0.179	1.366	0.172
IR→PU	0.678	0.674	0.105	6.463	0.000
Moderating effect	0.202	0.204	0.058	3.509	0.000
PU→IP	0.156	0.157	0.063	2.489	0.013
SC→IP	0.813	0.762	0.132	6.156	0.000
Total indirect effect	0.119	0.127	0.050	2.033	0.042

Hypothesis 1

Table 5 above shows that the path of IR to IP has an alpha value 0.172, which is higher than 0.05. Thus the direct influence of IR knowledge on the intention to prepare is not proven. Therefore, hypothesis 1 is rejected.

This result is not consistent with previous studies which have found that knowledge influence intention (Sanchez, 2012; Yusuf et al., 2017). There are two possible explanations related to the insignificant result. First, two days training is a short time. Short training cannot immediately change behavior. Learning that changes behavior to produce results is a process, not a single event. Second, Maybe the owners sees that the positive effect of IR on SME businesses is too long to be felt and the results are not immediate. SME owners prefer activities that have a faster effect on their business, such as sales, product quality.

Hypothesis 2

The second hypothesis requires a test of the expected significant effect of IR knowledge on perceived usefulness. As summarized in Table 5, p-value 0.000< 0.05, it means thatthe greater IR

knowledge by SME owners would lead to a higher propensity towards the owners' intention to prepare IR. Hence, the resulting support for hypothesis 3.

Training is one way to increase human knowledge. Training needs to take advantage of scientific advances in order to be able to achieve goals effectively and efficiently.IR training can enhance the understanding of SME owners about the benefit of IR, which then increases the perception of SME owners about the perceived usefulness of the IR.

Hypothesis 3

Hypothesis 3 states that perceived usefulness significantly affects the intention to prepare IR. From the Table 5, it can be seen that p = 0.013 < 0.05. It indicates that the effect of perceived usefulness on the intention to prepare is significant. Based on the result, it can be said that hypothesis 3 is supported.

Perceived usefulness felt by SME owners will increase the intention to prepare IR. The more a person feels that the system brings benefits, the higher the person's intention to use it.This is consistent with previous research which found that the perception of use has a direct influence on intention to use ((Pillai and Mukherjee, 2011; Wang and Lin, 2012; Park and Kim, 2013; Wong et al., 2013; Ooi and Tan, 2016).

Hypothesis 4

It is expected in hypothesis 4 that perceived usefulness mediate the relationship between IR knowledge and intention to prepare. Table 5 shows that the total indirect effect is 0.119, with a significant level of 0.042. The values indicate that SME owners with higher IR knowledge will have higher perceived usefulness, and ultimately have a higher level intention to prepare. Hence, H4 is accepted.

The findings of this study are consistent with previous research, which found that social norms can act as a moderating variable (Dohnke,2011; Chou and Sun, 2017; Kawamura and Kusumi, 2018). It can be said that higher social norms and coupled with higher IR knowledge will improve intention to prepare IR. Someone who sees someone else making IR can motivate them to engage in the same behavior.Individuals apply forms of reporting to comply with group norms.Social norms have a greater influence in a collective society. Indonesia can be classified as a collective society, with an emphasis on groups.

Hypothesis 5

The result suggests social norms strongly strengthen the effect of IR knowledge on the intention to prepare (p-value 0.000 < 0.05). The results denote that the higher the social norm, the stronger the impact of IR knowledge on Intention to prepare. Thus, H5 is accepted.

Training is a process of teaching specific knowledge and expertise so that individuals are skilled and able to carry out work. IR training is intended to update SME owners' knowledge because of changes in company reporting. Through training, SME owners understand the benefits of the IR, and will further increase the intention to prepare the report.

Based on the hypotheses testing above, the results of this study can be summarized in Table 6 as follows.

Table 6.

Summary of the results

Paths	Direct Effect	Moderating	Intervening (Indirect Effect through social norm)
IR→IP	Hypothesis 1 Rejected		Hypothesis 4 Accepted
IR→PU	Hypothesis 2Accepted		
PU→IP	Hypothesis 3Accepted		
IR*SC→IP		Hypothesis 5 Accepted	

Overall, these results showed the importance of IR knowledge and social norms that can influence initial adopters to prepare IR. This research shows that social norms are drivers that can strengthen (or weaken) SME owners to apply (or not to apply) IR. Social norms are typically defined as to a perceived social pressure to engage or not engage in specific behaviors (Ajzen, 1991). Although social norms can be conceptualized in different ways (Lapinski and Rimal, 2005; Chung and Rimal, 2016), the role of perceived normative peer behaviors and attitudes have emerged as key predictors of behaviors. In a group context. a social norm is an expectation about appropriate behavior that occurs in

a group. Indonesia is currently developing community-based SME empowerment. Communities are considered as business incubators that are carried out while developing sociopreunership capabilities. In these communities, social norms are an important element that facilitates coordination between members. The norm strengthens collaborative actions to achieve collective advantage. The application of IR in one community, is part of social norms that can "oblige" members of the community to prepare IR.

5.   Conclusion

This study aims to examine the impact ofthe Integrated Reporting (IR) knowledge on Intention to prepare, with social norms as a moderating variable and perceived usefulness as a mediating variable. The research reveals three remarkable findings. First, IR Knowledge does not affect the intention to prepare IR. Second, IR knowledge significantly affects perceived usefulness. Third, perceived usefulness significantly affects the intention to make IR. Fourth, Perceived usefulness mediate the relationship between IR knowledge and intention to prepare. Fifth, social norms moderate relationship between IR knowledge and intention to develop IR.

To the author's knowledge, this is the first study that explores the use of TAM in the area of IR. TAM could be expanded to provide a richer model to predict and to explain IR acceptance/adoption.

There are three limitations to this study. First, the use of self-report scales to measure study variables suggests the possibility of a common method bias for some of the results. Future research should employ both questionnaires and in-depth interview. Second, this research only examines SME owners in four cities. Further research shall enhance the coverage by including more cities in East Java. Third, this study was conducted with a snapshot research approach. More research efforts are needed to evaluate the validity of the investigated models and our findings. Longitudinal evidence might enhance our understanding of the causality and the interrelationships between variables that are important to the acceptance of IR by SME owners.

This study has both theoretical dan practical contribution. This study contributes to the application of IR in SMEs, which have not been adequately investigated. This paper provides an initial view of IR in SMEs. The road to IR has just begun, and this finding is the first contribution that highlights the importance of IR knowledge that can motivate initial adopters to prepare IR. Furthermore, this paper makes an essential contribution to the existing TAM theory by including IR knowledge as an external variable. This research is the first study to use the TAM model in IR. The findings indicate thatthe government or professional institutions should develop IR standard for SMEs.Professional bodies such as the Institute of Indonesia Chartered Accountants can promote this agenda by providing standard IR for SMEs.Furthermore, SME owners organizations may learn to focus on social andenvironmental value creation. The government should make policies related to the disclosure of non-financial information that is appropriate for SMEs.

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