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The Influence of Entrepreneurial Competence and Accounting Knowledge on Business Success: The Mediating Role of Accounting Information in Jambi City MSMEs

Hasbi Ashshiddiqi¹, Yuliusman¹, Muhammad Gowon¹, Oluwatoyin Muse Johnson Popoola²

¹ *Jambi University, Indonesia*

² *TISSA-UUM, College of Business, Universiti Utara Malaysia*

Abstract: This study investigates the effects of entrepreneurial competence and accounting knowledge on the business success of Food and Beverage Micro, Small, and Medium Enterprises (MSMEs) in Jambi City, emphasizing the mediating role of accounting information. Using simple random sampling, data were collected from 100 MSME actors through structured questionnaires, and Partial Least Square (PLS) analysis was employed to evaluate the relationships among the variables. The results reveal that entrepreneurial competence directly exerts a positive and significant impact on business success but has a negative and insignificant effect on the use of accounting information. On the other hand, accounting knowledge significantly enhances the use of accounting information but does not directly influence business success. Notably, the use of accounting information demonstrates a strong positive and significant effect on business success. Further analysis shows that entrepreneurial competence indirectly affects business success negatively and insignificantly through accounting information, whereas accounting knowledge exerts a positive and significant indirect influence. These findings highlight the critical role of accounting information as a driver of business success, offering valuable insights for MSME stakeholders.

Keywords: Entrepreneurial Competence, Accounting Knowledge, Business Success, Use of Accounting Information.

JEL Classification: F23, M11, M14, M16, M19, Q1

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* Corresponding author: E-mail: haabiashshiddiqi2002@gmail.com

1. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are pillars of the Indonesian economy that need attention because they can absorb labor and reduce poverty amidst competition in the formal employment sector. Many small businesses are founded by the community. Law No. 20 of 2008 has stated regulations for Micro, Small, and Medium Enterprises (MSMEs), with the aim that Micro, Small, and Medium Enterprises (MSMEs) have a legal umbrella so that Micro, Small, and Medium Enterprises have wider space in developing their businesses.

Entrepreneurial competencies are all entrepreneurial attributes, which include attitudes, beliefs, knowledge, skills, abilities, personality, and behavior that lead to achieving success according to initial goals (Julius et al., 2022). Accounting knowledge itself is knowledge about facts, conversions, and classifications. Knowledge of classification includes journals and ledgers, while conversion is knowledge of financial reports, which include balance sheets, profit and loss statements, reports of changes in financial position, cash flow reports, and notes to financial reports. The owner's accounting knowledge can be reflected through the business owner's treatment in managing the company's finances.

Some of the research cases above show differences in results and previous research that links entrepreneurial competence and business success has indeed been tried a lot, as well as accounting knowledge and the use of accounting information. However, no one has yet linked entrepreneurial competence and accounting knowledge to business success with the use of information. Accounting is an intervening variable, so the author is interested in taking this variable, and the gap in the research that has been carried out opens up a gap for this research to study further.

The aim of this research is to analyze the influence of:

1. Entrepreneurial competence on business success
2. Entrepreneurial competence in the use of accounting information
3. Accounting knowledge of business success
4. Accounting knowledge on the use of accounting information
5. Use of accounting information for business success
6. Entrepreneurial competence on business success through the use of accounting information as an intervening variable
7. Accounting knowledge on business success through the use of accounting information as an intervening variable

2. LITERATURE REVIEW

2.1 Entrepreneurship Competency

Entrepreneurial competency is an ability that a person must have in accordance with the business field they are involved in (Avianti 2015). Entrepreneurial competency is knowledge, attitudes and skills that are interconnected with each other, which entrepreneurs need to train and develop in order to be able to produce the best performance in managing their business. An entrepreneur must have advantages, which are strengths for himself and his business and must improve weaknesses in order to produce a competitive advantage for his business (Suryana 2014).

2.2 Accounting Knowledge

The American Institute of Certified Public Accounting (AICPA) states that accounting is the art of recording, classifying, and summarizing in a certain way monetary measures, transactions, and events which are usually of a financial nature, including explaining the results and summarizing them in a certain way in fiscal, exchange and financial terms. Accounting knowledge has a big role in the progress of the business being managed; low accounting knowledge will cause the business to experience management failure, making it difficult for business actors to determine what policies to take.

2.3 Use of Accounting Information

Information is the result of data processing, but not all results of this processing can become information, the results of data processing that do not provide meaning or meaning and are not useful for someone are not information for that person.

2.4 Business Success

Business success is the success of a business in achieving its goals. Business success is a company whose activities refer to achieving success. David C. McClelland believes that it is determined by a person's motivation, level of success, optimism, evaluative attitude, and entrepreneurial status or success. People who are successful in entrepreneurship are people who can combine values, main traits (attitude patterns), and behavior by providing knowledge, experience, and practical skills.

3. RESEARCH METHODOLOGY

This research is quantitative research. According to Sugiyono (2017:14), quantitative research methods are defined as research methods that are based on the philosophy of positivism and used to research certain populations or samples. Sampling techniques are generally carried out randomly, and data collection uses research instruments, and data analysis is quantitative/statistical to test the established hypothesis. The population in this study was 27,705 Food and Beverage MSMEs in Jambi City. The sampling technique in this research used incidental sampling. In this study, the population was more than 1000, so the author took samples using the Slovin formula and obtained a sample of 100.

The primary data required was obtained from the questionnaire. This research uses quantitative data and primary data types with a questionnaire data collection method, which is a data collection technique carried out by giving a set of questions or written statements to respondents, namely Food and Beverage MSMEs in Jambi City. Data collection in this research is by providing a list of questions (questionnaire) created by the researcher and by distributing it to respondents as a guide for gathering information from respondents, with a sample size of 100. The measurement scale was prepared using a 1-5 Likert scale.

The data analysis technique in this research uses the Partial Least Square (PLS) approach. The purpose of PLS is to help researchers obtain latent variable values for prediction purposes as well as to predict the influence of the dependent variable on the independent variable and explain the theoretical relationship between the two variables.

Analysis in PLS is carried out in three stages: 1. Evaluation of the Measurement Model (Outer Model), 2. Evaluation of the Structural Model (Inner Model), 3. Hypothesis Testing.

4. RESULTS AND DISCUSSION

4.1 Evaluation of the Measurement Model (Outer Model)

Convergent Validity

Convergent Validity can be seen from the loading factor value. The loading factor describes the magnitude of the correlation between each measurement item (indicator) and its construct (latent variable). A loading factor/outer loading value above 0.7 can be said to be ideal, meaning that the indicator is said to be significant as an indicator that measures the construct (latent variable). To obtain convergent validity values, it can be seen through the outer loading values on the variables and indicators. The outer factor limit value used in.

Table 1. Outer Loading Value 1

Variable	Indicator	Outer Loading	Information
Entrepreneurial Competence (X1)	X1.1	0.764	Valid
	X1.2	0.804	Valid
	X1.3	0.816	Valid
	X1.4	0.829	Valid
	X1.5	0.463	Drop
Accounting Knowledge (X2)	X2.1	0.748	Valid
	X2.2	0.886	Valid
	X2.3	0.873	Valid
	X2.4	0.896	Valid
	X2.5	0.814	Valid
Business Success (Y)	Y.1	0.784	Valid
	Y.2	0.803	Valid
	Y.3	0.794	Valid
	Y.4	0.816	Valid
	Y.5	0.581	Drop
Use of Accounting Information (Z)	Z.1	0.720	Valid
	Z.2	0.664	Drop
	Z.3	0.689	Drop
	Z.4	0.869	Valid
	Z.5	0.847	Valid

It is known that many indicators of each research variable have an outer loading value of > 0.7 . However, it appears that there are still several indicators that have outer loading values below 0.7 (Ghozali 2014). In the data above, there are four indicator items whose outer loading value is below 0.7, so the statement indicator is declared unfit or invalid for research use and cannot be used for further analysis.

Furthermore, indicators that have a loading factor below 0.7 will be dropped (excluded) from the research model. Therefore, the indicators for each variable in this study consist of indicators that have a loading factor above 0.7. In this way, the construct of this research model changes and then becomes a research model after reducing indicators (second model) such as the following stages of the second research model:

Table 2. Outer Loading Value 2

Variable	Indicator	Outer Loading	Information
Entrepreneurial Competence (X1)	X1.1	0.764	Valid
	X1.2	0.804	Valid
	X1.3	0.816	Valid
	X1.4	0.829	Valid
Accounting Knowledge (X2)	X2.1	0.748	Valid
	X2.2	0.886	Valid
	X2.3	0.873	Valid
	X2.4	0.896	Valid
	X2.5	0.814	Valid
Business Success (Y)	Y.1	0.784	Valid
	Y.2	0.803	Valid
	Y.3	0.794	Valid
	Y.4	0.816	Valid
Use of Accounting Information (Z)	Z.1	0.720	Valid
	Z.4	0.869	Valid
	Z.5	0.847	Valid

Based on the results of the second data processing, by eliminating several invalid instruments, the values of the instruments above have met the criteria, namely more than 0.7.

Composite Reliability and AVE

Composite reliability is achieved by looking at the output from the view of latent variable coefficients. This output shows the criteria in two ways: composite reliability and Cronbach's alpha. The composite reliability and Cronbach's alpha values are declared reliable and valid if the value is >0.70. If a construct meets these two criteria, it can be said to be reliable or consistent with the research instrument. The Average Variance Extracted (AVE), often used, is a minimum of 0.50 (Ghozali and Latan 2015). The reliability can be measured by looking at Cronbach's Alpha, Composite Reliability, and AVE values ; the results can be seen in Table 3.

Table 3. Composite Reliability Value dan AVE

	Cronbach's Alpha	Composite Reliability	AVE	Information
Entrepreneurial Competence (X1)	0.833	0.885	0.658	Reliable and valid
Accounting Knowledge (X2)	0.814	0.871	0.579	Reliable and valid
Business Success (Y)	0.899	0.926	0.714	Reliable and valid
Use of Accounting Information (Z)	0.818	0.873	0.581	Reliable and valid

Table 3 shows that the Cronbach's alpha and composite reliability values for each variable are >0.70, and the AVE value for all variables is >0.50. Therefore, all variables met all the reliable criteria and were valid, so they could be continued for evaluation. Structural model.

4.2 Structural Model Evaluation (Inner Model)

Coefficient of determination (R^2)

The coefficient of determination essentially measures how far the model can explain endogenous variations. The construct is called the R-square value. The structural model (inner model) is a structural model to predict causal relationships between latent variables.

Table 4. R-square Value

	R-Square
Business Success (Y)	0.464
Use of Accounting Information (Z)	0.525

Based on Table 4, it can be concluded that the r-square value of the business success variable (Y) is influenced by entrepreneurial competence (X1) and accounting knowledge (X2) of 0.464 or 46.4%. And the rest is influenced by other variables outside the proposed model. The r-square value of the variable use of accounting information (Z), which is influenced by entrepreneurial competence (X1), accounting knowledge (X2), and business success (Y) is 0.525 or 52.5%. Other variables outside the proposed model influence the rest.

Q-square

Based on the calculation results, the q-square value is 0.689. This shows that the large diversity of research data that the research model can explain is 74.5%. Meanwhile, the remaining 25.5% is explained by other factors outside this research model. Thus, from these results, this research model can be stated to have good goodness of fit.

Hypothesis testing results

To find out the structural relationship between latent variables, hypothesis testing must be carried out on the path coefficient between variables by comparing the p-value with alpha (<0.05) or t-statistic of (>1.96). The p-value and t-statistics were obtained from the output on Smart PLS using the bootstrapping method.

Table 5. Hypothesis testing result

	Original Sample (O)	Sample Mean (M)	Standar Deviation (STDEV)	T Statistic	P Value
X1 → Y	0.448	0.458	0.133	3.354	0.001
X1 → Z	0.069	0.106	0.110	0.627	0.531
X2 → Y	0.305	0.296	0.156	1.952	0.051
X2 → Z	0.687	0.656	0.121	5.671	0.000
Z → Y	0.254	0.248	0.115	2.202	0.028
X1 → Z → Y	0.018	0.027	0.032	0.541	0.589
X2 → Z → Y	0.175	0.166	0.089	1.970	0.049

4.3 Discussion

The Influence of Entrepreneurial Competence on Business Success

The results of statistical testing on hypothesis 1 show the large influence of entrepreneurial competence on business success and the coefficient value is 0.448 and the calculated value is 3.354 with a t-statistic value of 1.96, while the significance value is 0.001. Calculated value $3,354 > t$ -statistic value 1.96 so, hypothesis 1 states that entrepreneurial competence has a direct and significant effect on business success. The results of this research show that entrepreneurial competence has a significant effect on business success.

This research is different from research conducted (Cinthia and Tamba 2022) which stated that the entrepreneurial competency variable had no effect on business success. However, this is in line with research by (Netty Herawaty, Reni Yustien 2019) which shows that entrepreneurial competence influences business success.

The Influence of Entrepreneurial Competence on the Use of Accounting Information

The results of statistical testing on hypothesis 2 show the large influence of entrepreneurial competence on the use of accounting information and the coefficient value is 0.069 and the calculated value is 0.627 with a t-statistic value of 1.96, while the significance value is 0.531. The calculated value is $0.627 < t$ -statistic value 1.96 so, hypothesis 2 states that entrepreneurial competence has a significant direct effect on the use of accounting information is rejected.

These results are different from research which (Wulandari 2020) shows that the research concerns the influence of educational background, accounting knowledge and entrepreneurial spirit on the use of accounting information. The results of the entrepreneurial spirit variable in his research have a positive influence on the use of accounting information.

The Influence of Accounting Knowledge on Business Success

The results of statistical testing on hypothesis 3 show the large influence of accounting knowledge on business success, and the coefficient value is 0.305, and the calculated value is 1.952 with a t-statistic value of 1.96, while the significance value is 0.051. The calculated value is $1,952 < t$ -statistic value 1.96, so hypothesis 3 states that accounting knowledge directly affects business success and is rejected. These results differ from research conducted by Setiawan et al. (2024), showing that accounting knowledge influences business success.

The Influence of Accounting Knowledge on the Use of Accounting Information

The results of statistical testing on hypothesis 4 show the large influence of accounting knowledge on the use of accounting information. The coefficient value is 0.687, and the calculated value is 5.671, with a t-statistic value of 1.96, while the significance value is 0.000. Calculated value $5.671 > t$ -statistic value 1.96, so hypothesis 4 states that accounting knowledge has a direct, significant effect on the use of accepted accounting information.

These results are in line with research conducted by (Putra, Rinaldo, and Ardiani 2021) and (Nur Iman and Kumala Wulandari 2023) whose research shows that accounting knowledge has a positive effect on the use of accounting information.

The Influence of the Use of Accounting Information on Business Success

The results of statistical testing on hypothesis 5 show the large influence of the use of accounting information on business success and the coefficient value is 0.687 and the calculated value is 2.202 with a t-statistic value of 1.96, while the significance value is 0.028. The calculated value is $2.202 > t\text{-statistic value } 1.96$ so, hypothesis 5 states that the use of accounting information has a direct significant effect on business success. The results of this research indicate that the use of accounting information has a significant effect on business success.

This research is in line with research conducted (Andreas and Wibowo 2023) on small and medium enterprises. A study at the convection center in Tingkir sub-district, Salatiga city, found information that use had an effect on business success at the MSME convection center in Tingkir sub-district, Salatiga.

The Influence of Entrepreneurial Competence on Business Success Through the Use of Accounting Information

Based on the results of statistical testing on hypothesis 6, it shows the large influence of entrepreneurial competence on business success through the use of accounting information and the coefficient value is 0.018 with a calculated value of 0.541 with a table value of 1.96, while the significance value is 0.589. $\text{calculated value of } 0.541 < \text{table value of } 1.96$ so hypothesis 6 states that entrepreneurial competence has a significant effect on business success through the use of accounting information is rejected. The results of this research indicate that entrepreneurial competence has an insignificant effect on business success through the use of accounting information.

In conclusion, the use of accounting information cannot be a mediating variable between entrepreneurial competence and business success because entrepreneurial competence in food and beverage MSME entrepreneurs is conducive to increasing the use of accounting information and direct business success. So it is recommended for food and beverage MSME entrepreneurs to maintain entrepreneurial competencies that are conducive to maintaining the level of use of accounting information and business success.

The Influence of Accounting Knowledge on Business Success Through the Use of Accounting Information

Based on the results of statistical testing on hypothesis 7, it shows the large influence of accounting knowledge on business success through the use of accounting information and the coefficient value is 0.175 with a calculated value of 1.970 with a t-statistic value of 1.96, while the significance value is 0.049. $\text{calculated value of } 1.970 > \text{table value of } 1.96$ so hypothesis 7 states that accounting knowledge has a significant effect on business success through the use of accepted accounting information. The results of this research indicate that accounting knowledge has a significant effect on business success through the use of accounting information.

This research is different from the research conducted. Research conducted by (Muhammad Fareiz Kayoshi, 2023) shows that accounting knowledge has an indirect positive effect on business success through the use of accounting information.

5. CONCLUSION

This research was conducted to fulfill the aim of finding empirical evidence of the influence of entrepreneurial competence and accounting knowledge on business success by using accounting information as an intervening variable. Based on the results of the analysis, it was found that entrepreneurial competence had a positive and significant effect on business success, entrepreneurial competence had a negative and insignificant effect on the use of accounting information, accounting knowledge had a negative and insignificant effect on business success, accounting knowledge had a positive and significant effect on the use of accounting information, use of Accounting information has a positive and significant effect on business success. Meanwhile, entrepreneurial competence has a negative and insignificant effect on business success through the use of accounting information, and accounting knowledge has a positive and significant effect on business success through the use of accounting information.

6. RECOMMENDATIONS FOR FUTURE RESEARCH

Researchers can add several variables that can influence business success so that better results can be obtained in this research.

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