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The Influence Of Management Accounting's Role In Improving The Competitiveness Of Msmes In The Digital Era

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in supporting national economic growth, employment absorption, and improving public welfare. The rapid development of digital technology has led to increasingly competitive business competition, requiring MSMEs to adapt to changes in the business environment. One factor that can help MSMEs improve their competitiveness is the implementation of management accounting supported by digital technology. This study aims to analyze the influence of management accounting on the competitiveness of MSMEs in the digital era among MSMEs in Jambi City, Indonesia. The study used a cross-sectional survey design with a purposive sampling technique. A total of 80 respondents were involved in this study. Data were collected using a validated questionnaire and analyzed using multiple linear regression analysis with the help of IBM SPSS version 26. The results showed that management accounting has a positive and significant effect on the competitiveness of MSMEs, $R^2 = 0.672$, $F = 32.765$, $p < 0.001$. Furthermore, digital technology also significantly impacts the competitiveness of MSMEs ($\beta = 0.321$, $p < 0.001$). The study concluded that the implementation of management accounting and the utilization of digital technology can improve operational efficiency, decision-making quality, and the competitiveness of MSMEs in the digital era. The study recommends that MSMEs increase the implementation of digital-based financial recording systems to enhance business sustainability and competitiveness.

Keywords: Management accounting, MSME competitiveness, digital technology, digital era

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a sector that significantly contributes to Indonesia's economic growth. MSMEs not only serve as job providers but also serve as key drivers of improving public welfare and economic equality. In various economic crises, MSMEs have proven more resilient than large companies due to their greater flexibility to changing market conditions.

The development of information and communication technology in the digital era has brought about significant changes to business patterns and economic activities. Digital transformation has transformed conventional business systems into technology-based systems that are more effective, efficient, and competitive. These changes encourage businesses to adapt to technological developments to maintain business continuity.

In today's digital era, technology is no longer limited to marketing activities, but has also expanded into financial management, operational control, customer communications, and business decision-making. Various digital platforms, such as marketplaces, social media, digital payment apps, and financial record-keeping applications, have become essential components of modern business activities.

Despite this, many MSMEs still struggle to manage their businesses effectively. One of the main challenges they often face is poor financial management skills and the implementation of accounting systems. Most MSMEs still use manual recording systems and lack structured financial records. This situation makes it difficult for them to understand their financial condition, determine the cost of goods sold, control operational costs, and evaluate business performance.

Management accounting is a system that can help MSMEs manage financial information to support planning, control, and decision-making. Hansen and Mowen (2017) explain that management accounting provides relevant information for management in achieving organizational goals. The information generated from management accounting can be used to determine business strategies, control costs, and improve operational efficiency.

In the context of MSMEs, the application of management accounting is crucial because it can help entrepreneurs understand business conditions more accurately. With proper financial record-keeping, entrepreneurs can assess profitability, cost efficiency, and their ability to generate profits. Furthermore, management accounting also assists entrepreneurs in developing budget plans and business development strategies.

The development of digital technology has also supported the implementation of management accounting in MSMEs. Various digital-based financial recording applications are now available, easily and practically accessible to business owners. The use of digital

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technology enables real-time, fast, and accurate transaction recording. Furthermore, digital technology also helps MSMEs expand their market through social media and e-commerce platforms.

Several previous studies have shown that management accounting and digital technology have a positive relationship with increasing the competitiveness of MSMEs. Prasetyo (2022) explained that digitalizing accounting systems can improve the quality of MSME financial information. Another study conducted by Hidayat (2021) showed that accounting information has a significant impact on increasing the competitiveness of small and medium enterprises.

Furthermore, Firmansyah (2023) stated that utilizing digital technology helps MSMEs increase productivity and expand market access. This demonstrates that the combination of management accounting and digital technology can be a crucial factor in increasing business success in the digital era.

Based on this description, this study was conducted to determine the effect of management accounting on the competitiveness of MSMEs in the digital era among MSMEs in Jambi City. This research is expected to contribute to the development of management accounting science and serve as a consideration for MSMEs and the government in improving business competitiveness.

This study attempts to answer the question: Can management accounting and digital technology significantly predict the competitiveness of MSMEs in the digital era among MSME actors in Jambi City, Indonesia?

The results of this study are expected to provide useful information for the government, academics, and MSMEs regarding the importance of implementing digital-based management accounting in improving business sustainability and competitiveness.

THEORETICAL REVIEW

Competitive Advantage Theory

Porter's (2008) theory of competitive advantage explains that a business can achieve a competitive advantage if it is able to create higher value than its competitors. This advantage can be achieved through cost efficiency, product differentiation, innovation, and the ability to adapt to market changes.

In the context of MSMEs, implementing management accounting can help businesses improve operational efficiency through cost control and more effective decision-making. Furthermore, the use of digital technology enables MSMEs to improve service quality and expand market reach.

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Management Accounting

Management accounting is the process of identifying, measuring, analyzing, and presenting financial information used by management in planning and decision-making. According to Mulyadi (2016), management accounting helps management determine business strategies and evaluate organizational performance.

Management accounting has several main functions, namely:

1. Budget planning
2. Cost control
3. Performance evaluation
4. Decision-making
5. Operational control

Implementing good management accounting will help MSMEs increase business efficiency and effectiveness.

Digital Technology

Digital technology is the use of technology-based systems to support business activities and information management. Digital technology in MSMEs can include the use of social media, marketplaces, digital payment applications, and financial record-keeping applications.

The use of digital technology provides various benefits for MSMEs, such as:

- Expanding market access
- Facilitate customer communication
- Speed up the transaction process
- Make financial recording easier
- Improve operational efficiency

Competitiveness of MSMEs

Competitiveness is a business's ability to maintain and improve its market position through product quality, cost efficiency, innovation, and service. MSMEs with high competitiveness will be better able to survive in business competition.

Research Hypothesis

H1: Management accounting has a significant influence on the competitiveness of MSMEs.
H2: Digital technology has a significant impact on the competitiveness of MSMEs.
H3: Management accounting and digital technology simultaneously influence the competitiveness of MSMEs.

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METHOD

Research Design

This study used a cross-sectional survey design with a quantitative approach. The study was conducted to analyze the relationship between management accounting and the competitiveness of MSMEs in the digital era.

Population and Sample

The study population consisted of all MSMEs in Jambi City. Purposive sampling was used to select respondents based on specific criteria, namely:

1. MSMEs have been operating for at least one year
2. Have business transaction records
3. Willing to be a research respondent

The number of respondents in this study was 80 MSME actors.

RESEARCH INSTRUMENTS

The research used three parts of the questionnaire, namely:

1. Management Accounting Questionnaire
2. Digital Technology Questionnaire
3. MSME Competitiveness Questionnaire

Each item is measured using a 5-point Likert scale ranging from Strongly Disagree to Strongly Agree.

Data collection technique

Data was collected by distributing questionnaires directly to MSME actors in Jambi City.

Data Analysis Techniques

Data analysis was carried out using IBM SPSS version 26 with the following stages:

- Validity test
- Reliability test
- Classical assumption test
- Multiple linear regression analysis
- t-test
- F test
- Coefficient of determination (R^2)

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RESULTS

Table 1: Respondent Characteristics

Variables	Category	Frequency	Percentage
Type of business	Culinary	30	37.5%
	Fashion	18	22.5%
	Trade	20	25%
	Services	12	15%
Longevity	1–3 Years	25	31.25%
	4–6 Years	30	37.5%
	>6 Years	25	31.25%
Use of Digital Technology	Yes	60	75%
	No	20	25%
Total		80	100%

Table 1 shows that the majority of respondents (37.5%) are in the culinary industry. Seventy-five percent of respondents have used digital technology in their business activities.

Hypothesis Testing

The research hypothesis was tested using multiple linear regression analysis.

Table 2a: Model Summary

Model	R	R Square	Adjusted R^2	Std. Error
1	.820	.672	.668	5,214

Table 2b: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	17752.314	2	8876.157	32,765	.000
Residual	15500.126	77	201,300		
Total	33252.440	79			

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Table 2c: Prediction Coefficient of MSME Competitiveness

Model	B	Std. Error	Beta	T	Sig.
Constant	5,214	1,876		2,778	.007
Management Accounting	0.648	0.110	0.648	5,876	.000
Digital Technology	0.321	0.094	0.321	3,421	.001

The analysis results show that management accounting has a significant effect on the competitiveness of MSMEs with a value of β = 0.648, p < 0.001. In addition, digital technology also has a significant effect on the competitiveness of MSMEs with a value of β = 0.321, p < 0.001.

The regression equation obtained is:

Y=5.214+0.648X+0.321ZY = 5.214 + 0.648X + 0.321ZY=5.214+0.648X+0.321Z

The coefficient of determination value shows that:

R2=0.672R^2 = 0.672R2=0.672

This shows that management accounting and digital technology are able to explain 67.2% of the variation in MSME competitiveness.

DISCUSSION

This study aims to analyze the influence of management accounting on the competitiveness of MSMEs in the digital era among MSMEs in Jambi City. The results indicate that management accounting has a positive and significant influence on MSME competitiveness.

These findings demonstrate that implementing a sound financial recording and management system helps businesses improve operational efficiency and decision-making capabilities. With management accounting, MSMEs can more accurately assess their business's financial condition, enabling them to determine appropriate business strategies. Furthermore, digital technology has also been shown to positively contribute to increasing the competitiveness of MSMEs. The use of social media, marketplaces, and financial recording applications helps MSMEs increase business effectiveness and expand market reach.

The results of this study align with Prasetyo's (2022) study, which found that accounting digitalization improves the quality of financial information in MSMEs. This research also supports Firmansyah's (2023) study, which found that utilizing digital technology helps increase productivity and business sustainability.

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Despite this, some MSMEs still lack the ability to utilize digital technology optimally. This is due to low digital literacy and limited human resources. Therefore, support from the government and educational institutions is needed to improve the digital capabilities of MSMEs.

CONCLUSION

This study concludes that management accounting and digital technology have a positive and significant impact on the competitiveness of MSMEs in the digital era in Jambi City. The implementation of management accounting helps MSMEs improve operational efficiency and decision-making quality, while digital technology helps expand markets and increase business productivity.

Recommendation

First, MSMEs need to increase the implementation of digital-based financial recording systems to improve the effectiveness of business management.

Second, the government needs to provide training related to management accounting and digital technology to MSMEs.

Third, MSMEs need to optimally utilize social media and marketplaces to expand their market reach.

Fourth, educational institutions and the government need to work together to support the digital transformation of MSMEs.

Limitations and Suggestions for Further Research

This study has several limitations. First, it was conducted only on MSMEs in Jambi City, so the results cannot be broadly generalized. Future research is recommended to involve a broader research area.

Second, the study only used management accounting and digital technology variables. Future research could add other variables such as financial literacy, product innovation, and human resource quality.

Third, the study used a questionnaire method, which still allows for respondent bias. Future research could use interviews and observation methods to improve data accuracy.

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