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Improving Msme Performance: Management Accounting Strategies, Leadership Quality and Market Orientation

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Abstract: The micro, small and medium enterprises (MSMEs) sector plays an important role in the national economy, but high competition makes it difficult for businesses to develop. Company performance is used as a benchmark for assessing business operating systems so it is necessary to know the factors that affect business performance, one of which is the strategic management accounting method. In the context of financing to the MSME sector--as a 61.07 percent contributor to GDP, so that economic growth is maintained, the government has also given a signal to continue to increase financing to MSMEs. The purpose of this research is to test and analyze whether Mannaement Accounting Strategy, Leadership Quality and Market Orientation affect the Performance of Micro, Small and Medium Enterprises (MSMEs). This study uses primary data which is conducted by distributing questionnaires to MSME owners in DKI Jakarta and its surroundings. The method used in this study is quantitative, because this method can test the relationship between variables in a model, both the relationship between variables and their constructs and the relationship between constructs. The results of this study indicate that management accounting strategies have an effect on MSME performance; leadership quality does not affect MSME performance; Market orientation has no effect on MSME performance.

Keyword: Management Accounting Strategy; Leadership Quality; Market Orientation; Micro small and Medium Enterprises.

INTRODUCTION

The economic development of a region or a country is basically an interaction of various groups of variables, including human resources, natural resources, capital, technology and others. Indonesia as a country where its national development essentially has one goal, namely to promote public welfare. There is a positive influence of population growth on economic development where the conditions and progress of the population are closely related to the growth and development of economic enterprises. Residents on the one hand can become actors or resources for production factors, on the other hand they can become targets or consumers

for the products produced. population conditions, population data and information will be very useful in calculating how much labor will be absorbed as well as the specific qualifications needed and the types of technology that will be used to produce goods or services. On the other hand, knowledge about the population structure and socio-economic conditions in a particular area will be very useful in calculating how many residents can take advantage of development opportunities and results or how wide the market share is for a particular business product. The role of micro, small and medium enterprises (MSMEs) has a very important meaning for a region, especially as one of the drivers of regional economic growth. Micro, small and medium enterprise (MSMEs) activities are one way for regional creative products to be recognized and provide business opportunities for business actors in the regions. In the current era of globalization and industry 4.0, the business environment has undergone several dramatic changes in several aspects, including building global operations, issuing laws or regulations, developing technological growth and digitalization systems, and requiring good corporate social responsibility.

For micro aspects, changes in demand patterns, short product life cycles, increasingly dynamic markets, the presence of many competitors to compete and customer demand for customized products are characteristics of business operations (Halim, 2020). According to Phornlaphatrachakorn (2019) which states that Management Accounting Strategy; is defined as the provision and analysis of management accounting data about a business and its competition that can be used in the development and monitoring of its business strategy, particularly with regard to levels and trends in real costs and prices, volume, market share, cash flows, and the proportion demanded of a company's total resources. This can be interpreted broadly as focusing on providing relevant information to assess its competitive position in an industry, with an emphasis on customers and competitors as objects of management accounting analysis that lies outside. Most of the research related to Management Accounting Strategy to date has focused on management accounting practices in manufacturing companies and little attention has been paid to the use of management accounting techniques in the Micro, Small and Medium Enterprises industry (Halim et al., 2020). Therefore, this research is a research gap and novelty that uses MSMEs as samples in this study to test and analyze the performance of Micro, Small and Small Enterprises (MSMEs) as seen from several factors that influence it as in previous studies, namely: Management Accounting Strategy, Leadership Quality and Padar Orientation in Micro, Small and Medium Enterprises in Indonesia.

LITERATURE REVIEW

Contingency Theory

Contingency theory is an approach that studies organizational behavior in explaining how contingent factors such as technology, culture, and the company's external environment affect the design and functioning of an organization. The main tenet of contingency theory is that there is an optimal structural design that is best suited to a particular strategy and there is an optimal forward-looking performance. The relationship between management control systems and strategy has been one of the focal points of contingency theory research (Langfield-Smith, 2008). It is argued that management control systems need to be adapted to support business strategies to improve competitiveness and performance.

Management control systems are designed to provide information to company managers to assist decision making (Simons, 1995). While the management control systems of corporate Hotel Groups are often reproduced at the hotel property level, they tend to go through a localization process.

Management Accounting Strategy

As management control usually involves a broad measure, it is related to and requires contributions from Accounting, and Strategic Management Accounting is part of the company's management control system (Phornlaphatrachakorn, 2019). Management Accounting Strategy evolved from the failure of traditional management accounting techniques to provide information to allow managers to externally monitor customers and competitors (Turner et al., 2017). Management Accounting Strategy provides a more external, long-term, forward-looking, and strategic focus (Oboh & Ajibolade, 2017). Management Accounting Strategy also includes customer accounting, on strategic rewards and costs, integrated performance benchmarking and measurement, as well as strategic pricing and decision making. Strategic Management Accounting as an approach to management accounting that explicitly addresses strategic issues and concerns. It sets management accounting in a broader context where financial information is used to develop superior strategies as a means to achieve sustainable competitive advantage (Rusli., 2021).

Leadership Quality

Quality has been defined differently in various disciplines, but there are two basic premises; reduction of variation in operational processes and routines, and an organization-wide commitment to continuous improvement in the delivery of customer-perceived quality (Oliver, 2009). In the service industry, quality tends to focus on unique characteristics such as intangibility, inseparability, and heterogeneity. The purpose of quality leadership is to improve human and machine performance, improve existing quality, increase output and productivity, and simultaneously be able to create pride of workmanship for employees. The appropriate leadership style in the context of total quality management is higher level participatory leadership. Participatory leadership in the traditional view only seeks input from employees, whereas in the view of total quality management, includes efforts to seek input from empowered employees, consider this input, and act on existing input. So, the main difference is in the empowerment of employees.

Market Orientation

Peter Drucker expressed one basic concept of marketing which focuses solely on customer first, purely customer orientation in today's terms. It does not provide guidance on which customers should come first and how to serve (Nguyen, 2018). Meanwhile, due to the ever-evolving customer needs, it is necessary to continuously research these needs and respond appropriately by extending the marketing concept to a detailed study of customer needs. This process of broadening the view of the customer is effectively what is meant by market orientation. For an entity or organizations or institutions or companies following a market-oriented strategy, one or more departments work together to study customer requirements and share with all departments in which various departments are involved to fulfill these identified customer needs. Behavioral content of market orientation Based on literature studies, the researchers concluded that market orientation consists of three behavioral components, namely customer orientation, competitor orientation, and inter-functional coordination. This broader view of market orientation is adopted by many and supported for it. Companies are expected to be market-oriented in a context that balances attention to customers and competitors and builds customer relationships by delivering customer value over competitors.

MSME performance

There are several criteria for assessing a company's performance which are presented in various literature with Micro, Small and Medium Enterprises. These criteria include financial and non-financial as both perspectives in measuring the performance of an organization

including Micro, Small and Medium Enterprises (MSMEs). The different criteria for measuring the company's performance actually depend on the performance measurement itself. According to Chang & Ma (2019), benchmarks are unique, due to the specificity of each business entity, including line of business, background, legal status, capital structure, growth rate and level of technology used by the company. The company's performance can be seen from the profitability obtained by the Micro, Small and Medium Enterprises (MSMEs). The rate of return on investment (ROI), the company's main achievements, growth, innovation, return on assets for MSMEs are also factors that are focused on Micro, Small and Medium Enterprises. Profitability is intended to determine the company's ability to generate profits and to find out how far the company is managed effectively. Managers' perceptions of company profitability can be a measure of good performance, performance is a measure of success or achievement that has been achieved by a company that is measured over a certain period of time.

The performance of Micro, Small and Medium Enterprises (MSMEs) in Indonesia in 2020 has realized that support for MSMEs has reached IDR 112.26 trillion. Taking into account fluctuations in economic growth and in order to support MSMEs to continue to grow, the budget allocation provided for MSMEs and corporations in 2021 is IDR 171.77 trillion. As we have understood and studied together, MSMEs are the most important pillar in the Indonesian economy. The number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or IDR 8,573.89 trillion. The Government has also launched the Proud Made in Indonesia National Movement (Gernas BBI) program which aims to encourage digitalization (onboarding) for offline MSMEs and encourage national branding of superior MSME products in various marketplaces. In addition, this movement is also expected to increase exports of MSME products which can improve the performance of Micro, Small and Medium Enterprises (MSMEs).

METHODS

The problem formulation and research objectives in this research design are to test the hypothesis in the form of a causal relationship between the research hypotheses. Source The primary data collection instrument is a questionnaire with closed questions. Each question is provided with seven alternative answers and graded score levels so that it can be measured according to a Likert scale adjusted to an ordinal scale as stated by Ferdinand (2020) that a technique that can be used to measure primary data with an ordinal scale based on scale weighting. The scale used is 1-7 with a Likert scale. While secondary data sources were obtained through literature study by studying various studies and references related to Management Accounting Strategy, Leadership Quality, Market Orientation and MSME Performance related to this research.

RESULT AND DISCUSSION

Analysis Descriptives

The following are the results of the Descriptive Statistical Test on each research variable namely increasing the performance of msmes: management accounting strategy, leadership quality and market orientation as follows:

Table 1. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
STR_MAC	171	21.00	35.00	32.9591	2.67088
LED_QUA	171	16.00	25.00	23.9123	1.76516
MKT_ORE	171	21.00	35.00	33.6023	2.48875

SME_PFR	171	24.00	35.00	33.0058	2.23211
Valid N (listwise)	171				

Normality Test

The normality test was carried out to test whether the confounding or residual variables in the regression model have a normal distribution. In the normality test, the Kolmogorov-Smirnov Test statistical test will be carried out to find out whether the data is normally distributed or not (Ghozali, 2011).

**Table 2. Normality Test
One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		171
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.07751264
Most Extreme Differences	Absolute	.340
	Positive	.193
	Negative	-.340
Test Statistic		.340
Asymp. Sig. (2-tailed)		.895 ^b

a. Test distribution is Normal.

b. Calculated from data.

The normality test using the Kolmogorov-Smirnov Test shows that the test results have a value above 0.05. The results of this test meet the requirements because the data is well distributed, the value of the test results is above 0.05 which is equal to 0.895 so that this research can be continued.

Hypothesis Test

Basically the statistical test shows how far the influence of one independent variable individually explains the variation of the dependent variable (Ghozali, 2011). The basis for making a decision for this partial test is to compare the p-value with an α of 0.05. 1. If the significance value is <0.05 then H1 is accepted. 2. If the significance value is > 0.05 then H0 is accepted.

The following are the results of the regression

Table 3. Regression Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	9.297	1.179		7.888	.000
	STR_MAC	3.752	.893	.887	7.998	.000
	LED_QUA	2.135	.697	.106	1.371	.172
	MKT_ORE	2.073	.06	.082	.691	.491

a. Dependent Variable: SME_PFR

The results showed that the management accounting strategy had an effect on improving the performance of MSMEs Strategic management accounting is an approach to management accounting that has explicitly in the last decade highlighted the issue of strategic management accounting on company performance. As one of the management controls usually involves a broad measure, it is related to and requires contributions from the Management Accounting

Strategy as part of the company's management control system on company performance in this study, namely Micro, Small and Medium Enterprises. Research conducted by Turner et al. (2017) and Phornlaphatrachakorn and Nakalasindhu (2019), which state that all strategic management accounting dimensions play an important role in determining business outcomes as congruent with the theory of a firm's resource-based view. Corporate executives need to provide valuable resources and capabilities to support the implementation of strategic management accounting to achieve good business results in a highly competitive environment.

The result showed that quality of leadership had no effect on improving MSME performance. The results of this study support Turner (2017) statement, stating that leadership quality has no positive effect on company performance. The result showed that market orientation had no effect on improving MSME performance. The results of this study support Nguyen's statement (2020), that market orientation is one of the business strategies carried out by a company on company performance, where in his research there is no significant influence between market orientation on the performance of MSMEs (Micro, Small and Medium Enterprises).

CONCLUSION

The results showed that the management accounting strategy had an effect on improving the performance of MSMEs, then market orientation and quality of leadership had no effect on improving MSME performance.

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