Factors Affecting the Success of Micro, Small, and Medium Enterprises (MSMEs) at Mega Park Food Courts Medan

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Abstract— This study purposed to empirically prove that accounting information, educational background, sales turnover, business capital, the period of business, working hours, and business location partially had a significant effect on business success in MSMEs at Mega Park Food Courts Medan. This study used multiple linear regression supported by the SPSS application. The population of the study was all MSMEs at Mega Park Food Courts Medan 90 MSMEs. The sample of this study was ninety respondents as the owners of the MSMEs. This study used observation, interviews, documentation, and questionnaires to obtain the data. The study results revealed that the use of accounting information, educational background, the period of business, and working hours variables partially showed that they had a significant effect on business success for MSMEs in Mega Park Foodcourt Medan. While sales turnover, and business capital, showed that partially they had no significant effect on business success for MSMEs in Mega Park Foodcourt Medan.

Keywords: Accounting Information, Business Capital, Business Location, Business Success, Educational Background, Period of Business, Sales Turnover, Working Hours.

1. INTRODUCTION

Consistent effort is always required to make a business successful. Success now must be sustained for the foreseeable future. Throughout the process, some MSMEs have the potential to grow and succeed, but many also fail and cease to exist. According to data collected from MSMEs at Mega Park Food Courts in Medan, the success or failure of enterprises owned and operated by entrepreneurs is influenced by various circumstances. Incompetence in accounting and a lack of information from inside and outside the company are the key issues that prevent entrepreneurs from successfully establishing their enterprises. The data in the financial accounts helps determine capital needs as well as for gauging business performance.

Because they lack the accounting expertise necessary to make an accounting decision, many entrepreneurs are forced to close their businesses. Many people need to pay more attention to the distinction between personal money and money used in business transactions, which results in no profit or profit as usual and, if left unattended for too long, will force the

business to cease operations entirely. The use of accounting information systems affects business success. It is essential to use accounting information for an MSME, particularly for business owners or company management, to know how much costs are incurred and income earned during a specific period so that it can plan and control how many costs are incurred. Income is earned for the following period [1].

Accounting data is crucial in determining whether a firm, even a tiny one, will succeed. Accounting knowledge affects the business success and lends support to this. The amount of production affects the success of small entrepreneurs, especially in terms of increasing production, employees, and turnover, which is proven true. An entrepreneur will be more successful if his business is accompanied by records such as recording raw materials, sales results, and production amounts [2]. Numerous studies have been done to determine how much small and medium-sized business owners use accounting information in light of the significant proportion of small business owners that do not. The factors influencing the use of accounting information, the manager's or owner's educational background, have a bearing on that use [3].

On the other hand, one of the factors affecting a company's performance is its sales turnover. Sales turnover is the entire amount of income obtained from selling an item or service within a given time. The corporation wants to enhance sales turnover, among other things. Sales activities are always equated with sales turnover [4]. Sales turnover will rise if there is a strong demand for the products; if there is a high demand, there will also be high production growth, which will inevitably raise the sales turnover. Increased firm earnings will be impacted by high sales turnover.

Small businesses need more funds to cover their expenses in the coming months, coupled with a lack of separation between business finance and finance. His household business capital also influences the success of small and medium businesses [5]. The time of a business is another significant factor that can have an impact on income. The longer a person operates their business, the more sophisticated and mature strategies they will have for managing, producing, and marketing their goods. This is because the entrepreneur or trader has the knowledge, experience, and capacity to make decisions. A person who has been in business for an extended time will also have more contacts or clients [6].

One of the elements to be taken into consideration when starting a business is the location of the business. If the chosen location for the business is likely to foster business success, the business will expand swiftly. To maintain community interest in purchasing goods or services, the location must be strategically advantageous and easily accessible.

According to a pre-survey on MSMEs at the Mega Park Food Courts in Medan, Irwan, the owner of a drink stall, stated that many MSMEs have failed in their ventures and have had to shut down; other MSMEs still keep manual sales records and do not use financial reports; this is because MSME actors lack accounting knowledge, which prevents them from using accounting information to manage their business finances. It is clear from the context of the issues mentioned that various factors can influence a business's capacity to function successfully. The researchers are interested in determining what aspects of accounting data use, educational background, sales turnover, business capital, business length, working hours, and business locations affect the success of micro, small, and medium enterprises (MSMEs).

2. THEORITICAL REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

The definition of a small business, as stated in Presidential Decree No. RI. 99 of 1998, is: "Small-scale people's economic activities, with the business sector constituting the majority of small business operations and needing protection to avoid unfair business competition [7].

Business Success

Devotion, hard work, and a commitment to providing excellent customer service all contribute to the success of small enterprises. Many factors influence a small business's success, including the entrepreneur's business aptitude (knowledge, attitudes, and abilities), relevant experience, work ethic, and educational background [8].

The Use of Accounting Information

The use of accounting information is a method, a technique of behaving, and it is used for economic decisions when deciding between various activities, according to Alex and Elisabeth (2015). There are two main categories of users of accounting information: external users and internal users. External users include rivals, shareholders, investors, creditors, government customers and suppliers, unions, and the general public [9].

Educational Background

The primary goal of education is to raise the level of knowledge and skills within a community to increase its capacity for economic growth. According to Feriansyah, Manullang, and Aslinda's research, education not only increases knowledge but also improves work abilities, which will impact a company's success [10].

Sales Turnover

Turnover is the outcome of past companies' sales, which creates money so that the business can benefit from each sale of items per unit. Trading an item essentially entails the movement or flow of two things, namely the flow of the products' transactional activities from the seller, and producer, to the final consumer buyer, as well as the flow of the goods' physical flow [11].

Business Capital

Capital is primarily used in trading, releasing money, and owning assets (money, goods, and others) that can be used to create something that increases wealth. Starting with the necessary preparations until the company is established, the first-time capital issued is used to finance the company's establishment (pre-investment). Own capital, government funding, and financial institutions, including banks and non-bank entities, are all possible business funding sources. Before starting an activity, a business factor called capital must be present. The size of the capital will influence how a corporation develops and generates profits.

Time Span of Business

A trader's knowledge will grow as he continues to operate, impacting his income. To put it another way, the longer a trader has been active, the more familiar he will be with the market and consumer behavior [12].

Working Hours

The microeconomic theory includes an analysis of working hours, particularly in the labor supply theory, which deals with people's propensity to work in the hopes of receiving an income or not working at all at the risk of forgoing the money they should receive.

Business Location

Since location affects costs and revenues, it can frequently influence a company's business plan. The strategic placement aims to make the most of the company's new location's advantages.

3. RESEARCH METHODS

This research was oriented in a quantitative approach. It was located at Mega Park Food Courts Medan on Jalan Kapten Muslim, Medan Helvetia. The population of this research was ninety micro, small, and medium enterprises (MSMEs), and the sample was ninety owners of MSMEs at Mega Park Food Courts Medan. The data was obtained through observation, interviews, documentation, and questionnaires. Then, the data were analyzed using multiple linear regression supported by the SPSS application.

4. RESULTS AND DISCUSSION

Table 1. The Validity Test of All Variables Used in The Research

Question Items	Determinate	Correlation Coefficient	Description
$X_{1.1}$	0.22	0.424	Valid
$X_{1.2}$	0.22	0.550	Valid
$X_{1.3}$	0.22	0.595	Valid
$X_{1.4}$	0.22	0.633	Valid
$X_{1.5}$	0.22	0.503	Valid
$X_{1.6}$	0.22	0.656	Valid
$X_{1.7}$	0.22	0.455	Valid
$X_{2.1}$	0.22	0.667	Valid
$X_{2.2}$	0.22	0.702	Valid
$X_{2.3}$	0.22	0.774	Valid
$X_{2.4}$	0.22	0.842	Valid
$X_{2.5}$	0.22	0.703	Valid
$X_{2.6}$	0.22	0.774	Valid
$X_{2.7}$	0.22	0.740	Valid
$X_{2.8}$	0.22	0.648	Valid
$X_{2.9}$	0.22	0.693	Valid
$X_{3.1}$	0.22	0.736	Valid
$X_{3.2}$	0.22	0.467	Valid
$X_{3.3}$	0.22	0.675	Valid
$X_{3.4}$	0.22	0.542	Valid
$X_{4.1}$	0.22	0.719	Valid
$X_{4.2}$	0.22	0.685	Valid
$X_{4.3}$	0.22	0.765	Valid
$X_{4.4}$	0.22	0.756	Valid
$X_{4.5}$	0.22	0.719	Valid
$X_{4.6}$	0.22	0.642	Valid
$X_{4.7}$	0.22	0.708	Valid

$X_{5.1}$	0.22	0.567	Valid
$X_{5.2}$	0.22	0.591	Valid
$X_{5.3}$	0.22	0.605	Valid
$X_{5.4}$	0.22	0.665	Valid
$X_{5.5}$	0.22	0.750	Valid
$X_{6.1}$	0.22	0.688	Valid
$X_{6.2}$	0.22	0.620	Valid
$X_{6.3}$	0.22	0.679	Valid
$X_{6.4}$	0.22	0.578	Valid
$X_{6.5}$	0.22	0.488	Valid
$X_{6.6}$	0.22	0.507	Valid
$X_{6.7}$	0.22	0.717	Valid
$X_{7.1}$	0.22	0.705	Valid
$X_{7.2}$	0.22	0.403	Valid
$X_{7.3}$	0.22	0.520	Valid
$X_{7.4}$	0.22	0.606	Valid
$X_{7.5}$	0.22	0.415	Valid

Source : Data result by using SPSS application

Based on Table 1, all question items were declared valid because the r-count was higher than 0.22. All questions on variable X1 until X7 (The Use of Accounting Information, Educational Background, Sales Turnover, Business Capital, time of Business, Working Hours, and Business Location) were valid and could be used in subsequent calculations.

Table 3. The Reliability Test

Instruments	Cronbach Alpha	Reliable Standard
The Use of Accounting Information	0.644	0.60
Educational Background	0.886	0.60
Sales Turnover	0.669	0.60
Business Capital	0.844	0.60
Time Span of Business	0.634	0.60
Working Hours	0.721	0.60
Business Location	0.673	0.60
The Business Success	0.755	0.60

Source : Data result by using SPSS application

Based on the table above, the Cronbach Alpha value for variable X1 (The Use of Accounting Information) had a reliability value of 0.644. The reliability value of the X2 variable (Educational Background) was 0.886, while the X3 variable (Sales Turnover) was 0.669. The reliability value of the X4 variable (Business Capital) was 0.844, while the X5 variable (time of Business) was 0.634. The reliability value of the X6 variable (Working Hours) was 0.721, while the reliability value for the X7 variable (Business Location) was 0.673, and the reliability variable Y (Business Success) was 0.755. Viewing the reliability value above, the degree of reliability was standard because the trust value exceeded 60%.

Table 4. Multiple Linier Regression Test Result

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	21.242	4.829		4.399	.000
The Use of Accounting Information (X_1)	-.626	.229	-.308	-2.737	.008
Educational Background (X_2)	.157	.064	.272	2.464	.016
Sales Turnover (X_3)	-.232	.319	-.077	-.726	.470
Business Capital (X_4)	.025	.089	.030	.280	.780
Time Span of Business (X_5)	-.394	.171	-.253	-2.306	.024
Working Hours (X_6)	-.274	.112	-.274	-2.458	.016
Business Location (X_7)	.109	.212	.055	.516	.607

a. Dependent Variable: The Business Success (Y)

Source : Data result by using SPSS application

Based on Table 4, it could be seen that the multiple linear regression equation was as follows:

$$Y = 21.242 - 0.626 + 0.157 - 0.232 + 0.025 - 0.394 - 0.274 + 0.109 + e$$

Conclusion:

1) If all independent variables were considered constant, the business success (Y) was 21,242.

2) If the use of accounting information (X1) were increased by 1 unit, business success would be decreased by 0.626 units.

3) If the educational background (X2) were increased by 1 unit, business success would be increased by 0.157 units.

4) If sales turnover (X3) were increased by 1 unit, business success would be decreased by 0.232 units.

5) If business capital (X4) were increased by 1 unit, business success would be increased by 0.025 units.

6) If the length of the business (X5) were increased by 1 unit, the business's success would be decreased by 0.394 units.

7) If working hours (X6) were increased by 1 unit, business success would be decreased by 0.274 units.

8) If the business location (X7) were increased by 1 unit, the business's success would be increased by 0.109 units.

Table 5. T-Test Result

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.242	4.829		4.399	.000
	The Use of Accounting Information (X_1)	-.626	.229	-.308	-2.737	.008
	Educational Background (X_2)	.157	.064	.272	2.464	.016
	Sales Turnover (X_3)	-.232	.319	-.077	-.726	.470
	Business Capital (X_4)	.025	.089	.030	.280	.780
	Time Span of Business (X_5)	-.394	.171	-.253	-2.306	.024
	Working Hours (X_6)	-.274	.112	-.274	-2.458	.016
	Business Location (X_7)	.109	.212	.055	.516	.607

a. Dependent Variable: The Business Success (Y)

Source : Data result by using SPSS application

From Table 5, it could be concluded as follows:

1) The significant value of the variable using accounting information (X1) was 0.008, higher than 0.05. The variable using accounting information (X1) partially and significantly affected business success.

2) The significant value of the educational background variable (X2) was 0.16, higher than 0.05. So the educational background variable (X2) partially and significantly affected business success.

3) The significant value of the sales turnover variable (X3) was 0.47, higher than 0.05. So, the sales turnover variable (X3) had a partial and insignificant effect on business success.

4) The significant value of the working capital variable (X4) was 0.78, higher than 0.05. So, the working capital variable (X4) had an effect and was not partially significant in business success.

5) The significant value of the time of business variable (X5) was 0.024, higher than 0.05. So, the period of business variable (X5) had a partial and significant effect on business success.

6) The significant value of the working hours variable (X6) was 0.016, higher than 0.05. So, the working hours variable (X6) partially and significantly affected business success.

7) The significant value of the business location variable (X7) was 0.607, higher than 0.05. So, the business location variable (X7) had an effect and was not partially significant on business success.

By using F-Test, it was found that the significant value of the variable use of accounting information (X1), educational background variable (X2), sales turnover variable (X3), business capital variable (X4), a period of business variable (X5), working hours variable (X6) and business location variable (X7) of 0.023 were higher than 0.05, it showed that

simultaneously these variables had a significant effect.

The use of accounting information significantly affected business success, and it was in line with Mashuri's research [13]. This proved that accounting information significantly influences achieving business success, including MSMEs. The educational background significantly affected the business success, and it was in line with Feriansyah, Manullang & Aslinda's research [14]. This proved that an educational background in Economics/Accounting influenced business success in understanding financial reports. Sales turnover did not affect business success because if sales turnover and operational costs increased as well, the business could not be successful either [15]. Business capital had no significant effect on business success. The results of this study were consistent with research conducted by Netty & Reni. This happened because any business capital would not affect the success rate of MSMEs businesses. Business capital originating from the Bank will make it difficult for entrepreneurs to succeed in their businesses [16]. The period of business had a significant effect on business success.

The results of this study were consistent with research conducted by Mashuri. MSMEs owners who had previously run a business tend to have better abilities and skills in managing resources in subsequent businesses so that the duration of their business has the potential to increase business success. Working hours had a significant effect on business success. The results of this study were consistent with research conducted by Mashuri, Eriyana & Ezril. This proved that the fewer working hours were related to the Covid-19 pandemic, which was subject to the restriction regulation at 10:00 p.m., the less chance of business success, so the more working hours, the more opportunities to get a lot of sales turnovers to achieve business success [17]. The business location did not significantly affect business success, and the results of this study were inconsistent with research conducted by Fitriah. This happened due to the high number of competitors with the same type of business at Mega Park Food Courts.

5. CONCLUSIONS

Based on the results of the t-test conducted on the research, it was concluded that the use of accounting information, educational background, a period of business, and working hours variables showed that partially they had a significant effect on business success for MSMEs in Mega Park Foodcourt Medan. While sales turnover, and business capital, showed that partially they had no significant effect on business success for MSMEs in Mega Park Foodcourt Medan.

It is hoped that future researchers will not be fixated on the seven factors in this study, namely the use of accounting information, educational background, sales turnover, business capital, a period of business, working hours, and business location. However, future researchers are expected to be able to add other factors that might influence business success.

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