

ENTREPRENEURSHIP ACCOUNTING COMPETENCE IN THE DIGITAL ERA FOR THE SUSTAINABILITY OF MICRO-ENTERPRISES

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Abstract

Entrepreneurial accounting competencies in the digital era are important for entrepreneurs to maintain their business sustainability. This study explores and identifies the entrepreneurial accounting competencies needed to achieve business success. The research method used is a case study of entrepreneurship from alumnus of the accounting study program. The results of this study formulate entrepreneurial accounting competencies in the digital era, including risk-taking, problem-solving, innovation, digital marketing and communication, and digital accounting, which entrepreneurs must possess to maintain business sustainability and achieve success.

Keywords: accounting competencies, digital accounting, entrepreneurship accounting, sustainability MSMEs

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have an important role in the development and growth of the economy. MSMEs are proven to survive in various conditions and challenges because they have high innovation and creativity. Based on data from the Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018, the contribution of MSMEs to GDP was 61.1%. MSMEs in Indonesia are dominated by micro-enterprises (98.68%), with the absorption of human resources reaching 89%. Therefore, MSMEs can be regarded as one of the milestones in dealing with Indonesia's unemployment problem. Data from the Central Statistics Agency (BPS) shows that as of February 2022, Indonesia's unemployment rate was 5.83% of the total working-age population of 208.54 million people. From this data, ironically, 14% are undergraduate and diploma graduates. Many of the scholars who received higher education to get a decent job are unemployed.

One of the expected graduate profiles from the accounting study program at universities in Indonesia is to become an entrepreneur. To reduce the number of educated unemployed, accounting graduates are not only oriented to find work and become employees but also to create jobs. It is hoped that accounting graduates will be better able to manage their businesses and maintain business sustainability because they have been equipped with entrepreneurial accounting competencies. One of the accounting roles is to help company managers and entrepreneurs make decisions to achieve their goals. The goal of an entrepreneur is to successfully build and run a business and develop it, the ability to seize opportunities and dare to realize something that others have not thought of. Seizing a business opportunity means being able to find out the profit prospects that exist in that business choice. Business opportunities can be identified if the entrepreneur can calculate the costs and benefits. This is the importance of entrepreneurial accounting competence.

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

The criteria for MSMEs based on PP Number 7 of 2021 are grouped based on the criteria for working capital or annual sales results. The capital criteria consist of:

- Micro Business has a business capital of up to a maximum of one billion rupiah excluding land and buildings where the business is located
- Small Business has a business capital of more than one billion rupiah up to a maximum of five billion rupiah excluding land and buildings where the business is located.
- Medium Enterprises have a business capital of more than five billion rupiahs up to a maximum of ten billion rupiahs excluding land and buildings for business premises.

While the criteria for annual sales results consist of:

- Micro Enterprises have annual sales of up to a maximum of two billion rupiah
- Small Business has annual sales of more than two billion rupiah up to a maximum of fifteen billion rupiah
- Medium Enterprises have annual sales of more than fifteen billion rupiahs up to a maximum of fifty billion rupiahs.

The President of the Republic of Indonesia has given directions to develop MSMEs to Advance Class as an effort to build a people's economy. The role of MSMEs is very crucial for Indonesia's economic growth, with the number reaching 99% of all business units. The contribution of MSMEs to GDP also reached 60.5%, and to employment it was 96.9% of the total national employment. The important roles of MSMEs in developing countries include: poverty alleviation, industrial transformation, unemployment reduction and sustainable economic growth (Cherkos et al., 2018).

Based on data from the Coordinating Ministry for Economic Affairs, the number of MSME export contributions increased from 14.37% in 2020 to 15.69% in 2021. The government's effort to increase the competitiveness of SMEs is by taking advantage of opportunities for integration into the global market through the Global Value Chain (GVC). and Global E-Commerce (GEC). The integration of SMEs into GVC can be done in the form of indirect exports through domestic aggregators or foreign affiliated companies (Limanseto, 2022). Future challenges for MSMEs that must be jointly addressed by all relevant stakeholders are related to innovation and technology, digital literacy, productivity, legality or licensing, financing, branding and marketing, human resources, standardization and certification, equitable development, training, and facilitation, as well as a single database (Limanseto, 2022; Sari & Kusumawati, 2022).

Digital Entrepreneurship

Digital Entrepreneurship is an entrepreneurial transformation utilizing information and communication technology (ICT), an entrepreneurial opportunity created through the use of technology platforms and other communication tools between clients and partners. There are several factors that influence the capacity of digital entrepreneurship in a country, namely behavior, culture, digital entrepreneurship strategies, and an innovation ecosystem that supports stakeholder collaboration (government, industry, business, education, and NGOs) (Nedumaran et al., 2020). The application of digital transformation has an effect on improving the financial performance of MSMEs. Digital marketing has a significant effect on business sustainability, e-commerce has a significant effect on business sustainability, and digital marketing has a significant effect on the financial performance of MSMEs (Purba et al., 2021).

Entrepreneurship Accounting

The entrepreneurial accounting dimension is defined as an entrepreneur who has an accounting spirit and attitude. Having the soul and attitude of calculating costs and benefits is important for an entrepreneur. With such a spirit, an entrepreneur will be able to translate business opportunities into predictions that are profitable or not. In addition, the entrepreneur must also have an accounting attitude in his daily life, which is economical, efficient, effective, and productive and has a controller spirit (Hanif, 2015). MSME owners must have basic knowledge related to accounting such as bookkeeping of daily transactions in order to maintain the business. Financial statements provide information related to profits and losses in running a business. Bookkeeping of daily transactions and business operations provides benefits including better management in making financial decisions, assisting in preparing annual tax payments, and preparing further plans for the business (Hasbolah et al., 2021). Previous studies have identified accounting skills for business education graduates (Ekwue & Udoye, 2008). These accounting skills are:

- Ability to find out sources of capital to start business
- Ability to determine profit of a particular period
- Ability to improve as well as develop basic skills in arithmetic
- Ability to understand ways of recording business transactions
- Ability to keep accurate financial records
- Ability to be acquainted with new trends as regards accounting role in the business world
- Ability to determine where and when to invest
- Ability to be acquainted with new trends in relation to accounting concepts and convention
- Ability to undertake simple audit
- Ability to detect fraud
- Ability to handle various books of accounts
- Ability to keep and control stocks
- Ability to avoid unplanned expenditure
- Ability to use bonus to increase productivity
- Ability to prepare sales, cash and production budget
- Ability to interpret simple financial statements

- Knowledge of simple business law
- Awareness of existence and use of professionals like bankers, accountants, lawyers, insurance agents and advertising agents
- Ability to keep and control inventory

RESEARCH METHOD

This study uses a descriptive qualitative research method with a case study approach. Research using the case study method is an in-depth exploration of programs, events, processes, and activities against one or more people (Sugiyono, 2018). The case study approach was chosen to investigate and identify entrepreneurial accounting competencies and their impact on MSME business sustainability in the digital era. This study uses respondents who own MSMEs as informants with purposive sampling technique. The criteria used are: owners who have an accounting graduate background, MSMEs that have been established for at least 3 years and have adopted digital platforms in their business. Each respondent will be interviewed with a semi-structured interview with a duration of approximately 60 minutes.

In this study, the data will be processed based on the following steps:

1. Data collection
The analysis of the first model was carried out by collecting data from interviews and various documents based on categorization according to the research problem which was then developed to sharpen data through further data searches. Data collection researchers used data collection tools in the form of instruments in the form of questions addressed to several informants.
2. Data reduction
The previously collected data is then processed, by weighing, filtering, organizing and classifying. Data processing and measurement is carried out by examining data, marking data, recommending data, and systematizing data. Data reduction is a process of selecting, focusing, paying attention, abstracting and transforming rough data from the field. Data reduction provides a clearer picture, makes it easier for researchers to carry out further data collection, and look for it when needed. Data reduction can be done with the help of computers by providing codes on certain aspects.
3. Data Presentation
Presentation of data in qualitative research can be done in the form of brief descriptions, charts, relationships between categories, flowcharts, and the like. The presentation of the data is intended for find meaningful patterns and provide the possibility of drawing conclusions and providing action. Presentation of data that is often used in qualitative data is a narrative form. Presentations of data in the form of a collection of information that is arranged systematically and easy to understand.
4. Concluding
Drawing conclusions is part of a complete configuration activity. Conclusions are drawn since the researcher compiled notes, patterns, statements, configurations, causal directives, and propositions. After drawing conclusions, the researcher asked the informants to re-read the results. This aims to avoid misunderstanding between researchers and informants so that the information produced is in accordance with the reality that occurs in the field, or at least according to the data obtained by researchers in the field.

RESULTS AND DISCUSSION

Entrepreneurial accounting plays a crucial role in business development, especially in the digital era. Accounting competencies are essential for entrepreneurs to manage finances and make business decisions appropriately. The results of this study show that *digital entrepreneurship accounting competencies are important for MSME owners and managers based on interviews conducted with MSME owners with an accounting education background. The results of this study formulate entrepreneurial accounting competencies in the digital era, including risk-taking, problem-solving, innovation, digital marketing and communication, and digital accounting.* The list of informants in this study is described in Table 1 below.

Table 1. Research informants

Informant	Information	Educational background
Informant 1	33 years old, batik and accessories business owner	Master of Accounting

Informant 2	32 years old, tutoring business owner	Bachelor of Accounting
Informant3	25 years old, convection and fashion business owner	Bachelor of Accounting

Digital Accounting

Digital accounting competence plays an important role in responding to the challenges that exist in the era of digital entrepreneurship. Financial issues are one of the main problems that cause businesses to fail. Accounting is a business language that can translate accounting information in financial statements for strategic business decision making. The development of information technology has an impact on accounting in business, such as the presence of accounting software that makes it easier for MSMEs to record business transactions and compile financial reports. The impact of information technology in accounting in the business world was recognized by participants:

“The development of information technology has made it easier to help prepare business financial reports, such as free online accounting applications that can be downloaded on Playstore such as BukuKas. By using BukuKas, recording daily business transactions becomes easy...” (Participant 3)

“Recording transactions and making financial reports for my business is increasingly helped by accounting applications that can be accessed on the Playstore. I use BukuWarung which makes digital financial bookkeeping easier. There is a digital payment feature that also makes transactions easier, coincidentally, in my batik business, I also use QRIS for digital payment”(Participant 1).

This statement is in line with the challenges faced by entrepreneurs in the digital era, namely accounting and finance (Nedumaran et al., 2020). Knowledge of information technology is one of the internal factors that have an impact on the successful implementation of a computerized accounting information system. In addition, full support from top management is important for MSMEs to use the system effectively. This is because top management has a significant influencing role to determine and motivate employees to use the system. Technological developments are increasingly rapid, making records transactions and report generation have gradually been carried out digitally. So that technical capabilities such as bookkeeping can be overcome by using accounting applications. Competencies that are becoming more important now are knowledge of Fintech application programs (Kruskopf et al., 2020), such as payment fintech and P2P Lending for business capital applications. In addition, tax knowledge related to online tax payments through e-filing is also an important competency.

Digital Marketing and Communication

Ability to operate technology such as poster design, video editing and communication via social media are crucial.

“In today's digital era, digital communication skills both in online marketing or in establishing closeness with customers through social media such as Instagram, Facebook, WhatsApp business are important. Expertise in designing posters, editing videos for marketing content is a must have...”(Participant 2).

“...I use Instagram to promote products and educate the public on how to care for batik. It is proven by using social media, my products are more easily recognized by people and reach markets throughout Indonesia at a very low cost, only need an internet network...” (Participant 1).

This statement supports the findings of previous research regarding the social skills that entrepreneurs need to possess, including strong communication and customer service orientation (Gonçalves et al., 2022). Utilization of social media platforms provides opportunities for entrepreneurs to advertise their products and services which have an impact on increasing business income and profits as well as MSME performance (Purwantini & Anisa, 2018). The use of social media in business creates entrepreneurial opportunities such as finding new markets, increasing revenue and reducing costs, collaborating with business partners, and presenting new ways of designing and marketing products and services (Park et al., 2017).

Risk taking

Risk taking is defined as courage in facing the risks that exist with the right calculations.

“Being a successful entrepreneur must be brave to take risks but not reckless without calculation. Dare to take risks on the basis of analysis of existing accounting information, both financial and non-financial information...”(Participant 3).

“If I don't dare to take the risk by applying for a capital loan to the bank for about 350 million, my business may still be running in place, not growing. So, being brave to take risks and face challenges is the key to business success...”. During the covid pandemic, I took the risk by continuing to hold face-to-face tutoring because of the student's needs. Must move location to another place to comply with health protocols from the government. Of course, all of this is done after going

through a careful calculation of the company's financial condition and predictions of income and environmental condition.. (Participant 2).

Problem solving

Problem solving is defined as skills in finding solutions to existing problems in a simple way. Another dimension of entrepreneurial accounting is that accounting can "created" to achieve the goal of entrepreneurship, namely as a tool to compete and multiply business growth. Quickly realize a weakness or deficiency and then humbly look for a way out, even looking for a solution that is possible for most people something that is impossible to do. In this context, success is defined as symmetry with an entrepreneurial spirit, namely being willing to take risks, facing and accepting failure, while trying something new, and of course having a lot of sense. No matter how difficult the solution may be, it must still be tried.

“..The hardest time was indeed during the covid pandemic, production stopped because there were no regular orders coming in. But I don't give up easily, I take whatever opportunity I have, increase online sales, promote through social media, and provide digital payments to facilitate consumer transactions. In the end, it all had a positive impact on my business. Gradually I was forced to go to Go Digital MSMEs. That's the wisdom of the pandemic..” (Participant 1).

Innovation

Ability to think creatively and find new things in business that have not been done by others. Innovation is related to finding a breakthrough new accounting to advance the business. Analyze accounting information to create the uniqueness of a business.

“...the development and sophistication of technology provide the impetus to innovate, not only in product innovation, but also innovation in the production process. I innovate by using the Canva application for batik designs and other accessories, resulting in new products that consumers are interested in, especially Papuan souvenirs” (Participant 1).

CONCLUSION

MSMEs have a crucial role in supporting economic growth, especially in overcoming the problem of unemployment. Educational institutions, especially accounting study programs, must harmonize the competencies possessed by graduates in order to be able to manage a business and ensure the sustainability of its business. This study formulates digital entrepreneurship accounting competencies which consist of digital accounting, risk-taking, problem-solving, innovation, digital marketing and communication. Entrepreneurs who have digital entrepreneurship accounting competencies will be able to manage their business better so that business sustainability can be achieved and business success is realized

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