

## Financial Literacy, Accounting Training, Motivation, Capital, Length of Business: MSME Success

**Nawira, Ditya Permatasari, Devita Nur Romadhoni**

*Universitas Islam Negeri Maulana Malik Ibrahim Malang  
Jl. Gajayana No. 50, Malang, 65144, Indonesia*

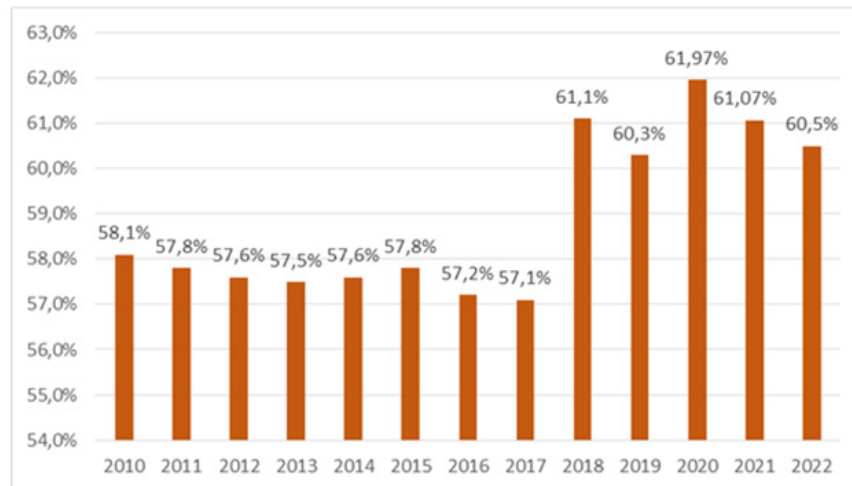
### ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in driving the national economy. However, many MSMEs in Indonesia lack an understanding of accounting practices and fail to apply accounting information effectively in recording financial reports for their businesses. To address this issue, one approach to increasing their knowledge is through enhancing financial literacy and participating in accounting training programs. This study aims to examine the impact of financial literacy, accounting training, motivation, capital, and business tenure on the success of MSMEs operating in the food and beverage sector in Probolinggo City. The research methodology employed a quantitative approach, utilizing purposive sampling with the Slovin formula to obtain a sample of 91 SMEs. Data gathered for the study were processed using validity and reliability tests conducted with the aid of the SmartPLS version 3 program. The research findings and analysis reveal that financial literacy, capital, and business tenure positively and significantly influence the success of MSMEs in the food and beverage industry. On the other hand, accounting training and motivation were found to have no significant impact on the success of MSMEs in the same industry in Probolinggo City.

**Keywords:** Financial Literacy; Accounting Training; Motivation; Capital; Length of Business; MSME Success

### Introduction

Indonesia's economic growth predominantly relies on the people's economy and creative sectors, prominently represented by Micro, Small, and Medium Enterprises (MSMEs). These businesses, established by individuals or groups, offer a diverse range of high-quality products. Due to their significant contributions, MSMEs play a vital role in propelling both the national and regional economies, making them a key driver of overall national development.



**Figure 1.** Contribution of MSMEs to GDP in 2010-2020  
Source: Ministry of Cooperatives and Small and Medium Enterprises

Based on Figure 1 Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UMKM, 2022) MSMEs contribute to Income Gross Domestic. This is shown by the increase in the number of MSMEs from 2020 to 2021. MSMEs also contribute to labor absorption to reduce the existing unemployment rate and boost the domestic economy. The size of MSMEs is directly proportional to the number of jobs in Indonesia so MSMEs have a large share in absorbing labor. At the beginning of 2019, the public was shocked by a new phenomenon, namely the Covid-19 pandemic, a worldwide problem. Many sectors have been affected by the pandemic, one of which is the MSME sector. Many business actors have experienced a decrease in business profits, and losses, even if they do not get any income at all so prefer to close their businesses. This is in line with the results of a survey conducted by Bank Indonesia that during the pandemic, MSMEs experienced a decline in performance of 72.6%. In addition, research conducted by the Asian Development Bank (ADB) as of 16 December 2020 shows that 48.6% of MSMEs have closed due to the pandemic.

The number of MSMEs decreased during the pandemic a few years ago, however, MSMEs were still able to survive in the conditions of the Indonesian economy which were always changing, even during the global crisis. The Beginning of 2022 was a year of economic recovery after the pandemic, slowly MSMEs were getting back on their feet and people's awareness of entrepreneurship was increasing. The Covid-19 pandemic has sparked shifts in consumer behavior toward goods and services, leading to a momentous push for accelerated digital transformation. MSMEs have a strategic preference, namely looking for new markets using digital platform developments. Marketing through digital platforms is considered to make it easier for MSMEs to increase the market which is expected to increase business income.

Bps.go.id (2022) from the results of business data collection shows that the majority of the workforce is still concentrated in three provinces on the island of Java, namely West Java, Central

Java, and East Java. Probolinggo City is one of the cities in East Java Province that contributes to MSMEs. The types of businesses in Probolinggo City are in the fields of food and beverages, chemicals, fertilizers, pharmaceuticals & traditional medicine, paper and printing, metal goods, electronics & optics. The northern area of Probolinggo City is a lowland or seacoast area which also has abundant marine potential so that it can be utilized by the local community for the manufacture of fish-based food preparations. Therefore, the food and beverage industry sector is superior to several other sectors. This is because this sector is a business that is engaged in meeting food needs which are a source of primary human needs. The following is data on MSME for the food and beverage industry in Probolinggo City based on the Probolinggo City Micro and Trade Cooperative Office which shows an increase every year:

**Table 1.** Data on the Number of Industries by District

Subdistrict	Year			
	2018	2019	2020	2021
Mayangan	285	292	299	303
Kangaroo	198	207	210	210
Kademangan	233	235	238	238
Kedopok	157	160	160	160
Wonoasih	264	268	274	274
TOTAL	1.137	1.162	1,181	1,185

Source: DKUPP Probolinggo City (2022)

Business success is essentially the main goal of establishing a business with all the activities in it to achieve success (Wati et al., 2020). Business success can be marked by an increase in the amount of production, increased sales, and increased profits or business profits that are always growing. This is because profit is the goal of someone in running a business (Nuryatimah & Dahmiri, 2021). Some factors can affect business success in MSMEs, namely financial literacy, accounting training, motivation, capital, and length of business.

The first factor is an effort to increase business success, by adding insight and knowledge to MSME business actors. Knowledge of business actors regarding financial management accountability is a long-term strategic effort for the improvement and sustainability of MSMEs. This needs to be done so that MSMEs can be accountable for their finances in a better and orderly manner. Good financial management can be seen from the existing level of financial literacy. According to OJK, financial literacy is defined as knowledge, ability, and confidence in managing finances to make the right decisions and avoid financial problems (Hilmawati & Kusumaningtias, 2021). A Lack of knowledge in financial management can be a serious problem for business people so increased financial literacy is needed. According to research (Sanistasya et al., 2019), (Septiani & Wuryani, 2020), (Hilmawati & Kusumaningtias, 2021) states that financial literacy affects business performance.

The second factor that influences business success is financial training. Numerous MSMEs in Indonesia continue to lack comprehension and practical application of accounting information in recording financial reports for their business management. (Andhika & Damayanti, 2017) states that most MSMEs do not use accounting information in their business. MSME actors reason that accounting is considered something difficult and not important to apply to businesses. In addition, MSME actors still have insufficient awareness and knowledge in carrying out the accounting recording process. Based on these problems, it is necessary to hold training activities in managing finances using accounting for MSMEs (Farhan et al., 2020). Accounting is a way to prepare business actors to be able to improve achievement and accounting skills as described by the work organization. Therefore, accounting training needs to be carried out for MSME actors on the importance of managing finances properly. The accounting training in question is training that is attended outside of school educational institutions, such as training on accounting organized by the Probolinggo City government.

The third factor that influences business success is motivation. Motivation is an encouragement from within a person to do something to achieve goals by developing the abilities and expertise they have (Wastuti et al., 2022). The courage of a person to set up a business is often based on personal motivation to generate the intention to be able to achieve the goal of success. Motivation encourages someone to do a job to get rewarded as an effort to meet needs (Wati et al., 2020). Motivation is often associated with achieving business goals, therefore motivation is needed in developing a business. Research conducted by (Wastuti et al., 2022); (Wati et al., 2020) motivation influences business success. While research (Ardiyanti & Mora, 2019) no does not influence success.

Tambunan (2020) states that there are also financial problems in the form of financial or capital support as a determining factor for business success. Most MSME players complain about the difficulty of getting access to and managing capital from financial institutions (Khotimah et al., 2022). This is because to obtain capital loans from outside parties, there are several requirements musty business actors. Under these conditions, one of the problems experienced by MSMEs is the difficulty in accessing banks to obtain additional capital. In addition, the lack of financial management by combining personal finance with business finance is one of the factors hindering the development of business success. Research conducted by (Aprilia & Melati, 2021); (Fitriah et al., 2020) what ich states that capital influences the success of a business. Meanwhile, research conducted by (Herawaty, and Yustien, 2019); (Millati & Sofwan, 2022) these results shows that capital and thus do not affect the success of a business.

The fourth factor that influences the success of the business is the length of the business. The duration of the business is generally associated with the ability of the business actor to manage the business. Businesses that have been established for a long time are generally better known by consumers and have higher demand. In addition, there is an assumption that the longer the business runs, it can be said that the more experience one has which can have an impact on

increasing business success (Arliani et al., 2019). Old business research conducted by (Riansyah & Andayani, 2022); (Mufidah et al., 2021) states that the length of business influences the dependent variable, namely business success. However, a study conducted by (Fitriah et al., 2020) states that the length of time the business does not influence the success of the business because the length of time a person has been in business does not guarantee that the business will develop. Some research or studies have been carried out on the success of MSMEs, but there are still differences regarding the research variables used and the research results.

This research is a development of previous research that has been conducted by (Fitriah et al., 2020). In this study, researchers chose MSME business actors in the food and beverage sector in Probolinggo City. Several differences with this research include the addition of the Theory of Planned Behavior. This theory is based on the assumption that humans behave consciously by considering the available information and the implications of the actions taken (Mahyarni, 2013). This study also has different independent variables, this study adds an accounting training variable because accounting training develops the ability to develop its business. According to the TPB theory, business actors have subjective norms for behavior, This noma is a person's perception of the views of society that provide support or not in behaving. Accounting training will be one of the influences in the environment if it is felt that business actors will be able to make good accounting records (Dewi, 2020).

Based on the research gaps found from the various research results and the inconsistencies of the results of previous studies, the researchers are interested in conducting further tests on the factors that can affect business success, especially Micro, Small, and Medium Enterprises of the Food and Beverage Industry in Probolinggo City.

## **HYPOTHESES DEVELOPMENT**

This theory is an update of the theory of reasoned action proposed by Ajzen and Fishbein (1980) and updated with the theory of planned behavior. (Ajzen, 1991). This study uses this theory to predict and explain the individual's desire to do or not to do something. This theory is based on the assumption that humans behave consciously by considering the available information and the implications of the actions taken. In theory, TPB is influenced by three constructs, namely (1) Attitude and Behavioral, (2) Subjective Norms, and (3) Perceived Behavioral Control.

The Financial Services Authority explained that Financial Literacy is a series of procedures to increase the knowledge, skills, and confidence of consumers in the general public so that they can manage finances properly they can improve the quality of decision-making, and achieve prosperity. Financial literacy includes the ability to discuss financial matters without discomfort, discern financial options, plan for the future, and respond competently to events that affect day-to-day financial decisions (Joseph, 2020). The importance of increasing knowledge will make MSME business actors more familiar with access to formal finance such as banking (Septiani & Wuryani,

2020). Financial literacy according to OJK is divided into 4, namely: (1) Well literate, (2) Sufficient literate, (3) Less literate, (4) Not literate. Meanwhile, indicators in financial literacy according to Septiani, and Wuryani (2020), namely: (1) Knowledge (financial knowledge), (2) Shopping concepts, (3) Saving concepts (savings, insurance, and investment), (4) Skills financial management.

The higher the level of financial literacy owned by a business actor, the better the ability to manage his business. Financial literacy helps actors to acquire knowledge and skills to develop financial strategies to make decisions and choose financial services.

H<sub>1</sub>: Financial Literacy Affects the Success of MSMEs

Accounting training is an activity to adequately improve business skills in accounting and is an important factor in managing a business (Ningsih & Hidayatulloh, 2022). Accounting training can support the use of information in achieving business success. Business owners who have received accounting training will try to be able to use accounting information in making business decisions so that business success can be achieved. The indicators in accounting training refer to Hudha's research (2017), namely: (1) The participation of MSME actors in accounting training, (2) The need for training according to the field of business, (3) Willingness to attend training, (4) Accounting training is useful for companies.

Accounting training attended by business actors can provide an understanding and description of how to make good and correct accounting records. Business owners who have received accounting training will try to keep accounting records and use accounting information to make business decisions.

H<sub>2</sub>: Accounting Training Affects the Success of MSMEs.

The Big Indonesian Dictionary (KBBI) explains that motivation is an impulse that arises from within a person, whether consciously or not, to take action with a specific purpose. Motivation comes from the word "motive" which includes the desire, reason, and driving force in a person to do something. In achieving business success, motivation has a fairly important role for someone in running a business. In running a business, someone will be motivated to get rewards in the form of sales profit (Ardiyanti & Mora, 2019). Motivation will direct the behavior of business actors to be able to maintain business development efforts.

The indicators in accounting training refer to Nalom Siagian's research, (Siagian & Manalu, 2021). The theory of motivation developed by Abraham Maslow known as "A Theory of human motivation" classifies human needs into several levels, namely: (1) Physiological needs, (2) Safety and security needs, (3) Social needs, (4) ) The need for appreciation, (5) The need for self-actualization.

H<sub>3</sub>: Motivation Influences the Success of MSMEs

Capital can be interpreted in various ways, namely capital for opening a business for the first time, capital for expanding a business, and capital for running a daily business (Apriliani, 2018). Capital plays an important role for MSMEs, capital is needed to be able to open a new business or to expand an existing business. Without capital, a business activity will not be realized which will affect the sustainability of a business and will also have an impact on business income (Pamungkas & Hidayatulloh, 2019). The adequacy of the amount of capital needed by MSMEs and the ease of access to obtaining this capital have a dominant influence on the success of MSMEs. The capital variable is measured using the same instrument as (Apriliani, 2018) and (Marfuah & Hartiyah, 2019) with the following indicators: (1) Use of own capital, (2) Smoothness in business, (3) Working Capital, (4) Barriers in accessing capital.

H<sub>4</sub>: Capital Influences the Success of MSMEs

The length of the business is how much time is spent in managing the business. Length of business is an important thing that can affect the level of business profits. The longer a person has been in a business, the assumption is that that person has increased knowledge about consumer behavior and market behavior (Husaini & Fadhlani, 2017). Businesses that have been established longer will have more relationships or customers (Setiaji & Fatuniah, 2018). This is because business owners have knowledge about consumer tastes and behavior and can predict consumer demand for goods (Husaini & Fadhlani, 2017). The length of time a person pursues in his field of business will affect his productivity, so that it will increase the level of efficiency and be able to reduce production costs so that the profits obtained are higher indicating that there is business success (Fitriah et al., 2020). The length of business variable is measured using the same instrument as (Setiaji & Fatuniah, 2018) with the following indicators: (1) Business Knowledge and Skills, (2) Length of time/working period, (3) Mastery of work.

H<sub>5</sub>: Length of Business Affects the Success of MSMEs

Business success is the ability of a business to survive and make its business grow to be better than before. This is the main goal of business actors when setting up a business, where all the activities in it are aimed at achieving success (Aprilia & Melati, 2021). The success or failure of a business can be seen when a company succeeds in achieving the goals or objectives set by the organization. One of the goals or objectives set by the organization is to increase sales so that revenue also increases. This is because getting profit from the business being run is the goal of someone running a business (Nuryatimah & Dahmiri, 2021). The variable of business success is measured using the same instrument as (Widodo & Ovita, 2021), with the following indicators: (1) Increased income, (2) Sales volume growth, (3) Increased workforce, and (4) Capital growth.

## DATA, METHODS, AND ANALYSIS

This research adopts a quantitative approach with an associative nature, aimed at establishing causal relationships between variables. The target population for this study comprises owners of food and beverage businesses in Probolinggo City. According to the Department of Cooperatives, Micro Enterprises, City Trade, and Industry’s data until 2021, the total number of food and beverage MSMEs in the city is 1,006. A sample of 91 respondents was selected for this study, determined using the Slovin formula. Data collection was carried out using two methods: conducting interviews with MSME entrepreneurs in the food and beverage industry and distributing questionnaires. The questionnaire used a Likert scale to elicit responses from the respondents. The collected data were processed using quantitative techniques, specifically a structural equation model based on partial least squares (PLS). The PLS analysis encompassed three stages: the Measurement Model Test (Outer Model), Structural Model Test (Inner Model), and Hypothesis Tes.

## RESULTS AND DISCUSSION

### Convergent Validity

In the partial least squares (PLS) analysis, the convergent validity test is assessed by examining the reliability of individual items and the average variance extracted (AVE) values. The outer loading value  $> 0.6$  can be said to be valid. After processing the data using the SmartPLS 3.0 application. The results of stage 1 data testing can be seen in

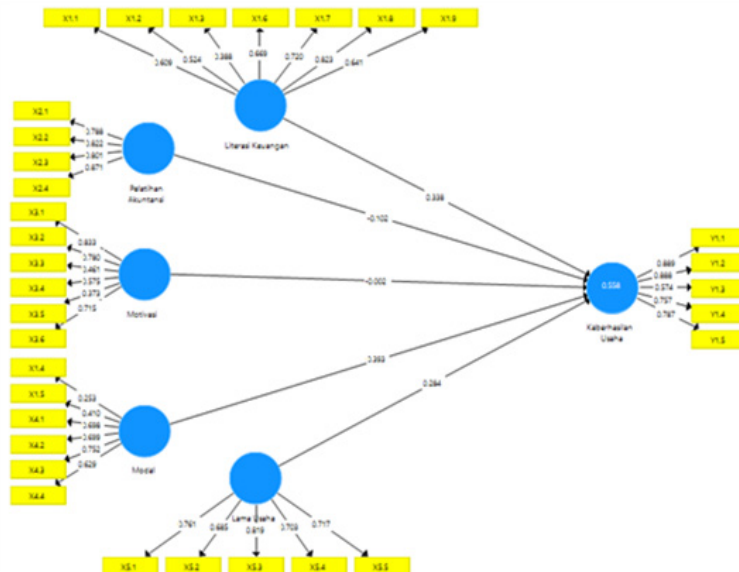
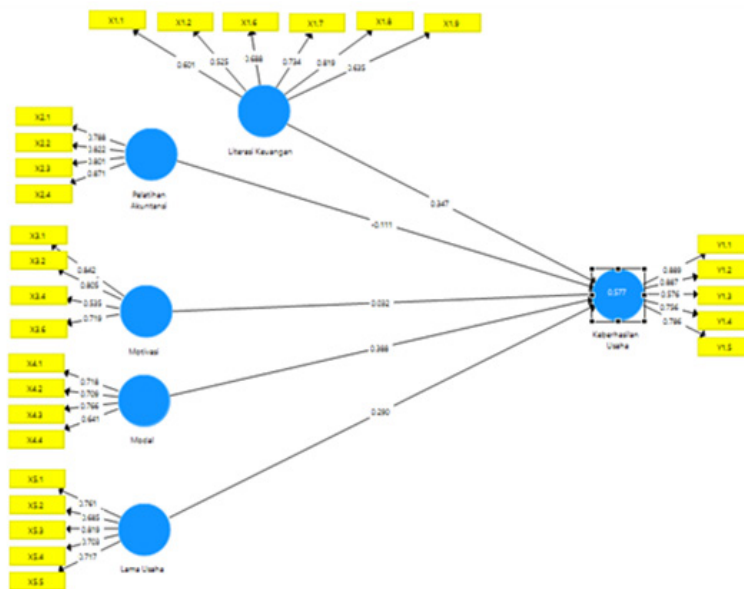


Figure 2. Data processing results  
 Source: SmartPLS, (2023)



The results of testing the data using the SmartPLS 3.0 application shown in Figure 2 show that most of the indicators for each variable in this study have an outer loading value of  $> 0.5$  and can be said to be valid. However, 3 indicators have an outer loading value of  $< 0.5$ , namely the financial literacy variables, namely X1.3, X1.4, and X1.5. While on the motivational variable, there are 2 indicators namely X3.3, and X3.5. This proves that variable indicators that have an outer loading value of  $> 0.5$  have a high level of validity, so they can meet the value of convergent validity. While variable indicators have outer loading values  $< 0.5$ , the validity level is said to be still low, so these variable indicators need to be removed from the test.



**Figure 3.** Data processing results of Stage 2  
 Source: SmartPLS, 2023

Based on Figure 3, after retesting stage 2 there was an increase in the outer loading value, indicating that the outer loading value of each indicator showed a number  $> 0.5$  so that all indicators consisting of financial literacy, accounting training, motivation, capital, and length of business and success MSMEs can be said to have met the requirements in the convergent validity test and declared valid.

### **Discriminant Validity**

The discriminant validity test involves evaluating the Cross Loading values, where indicators or block constructs should demonstrate higher values compared to indicators from other variables. A reliable measure of discriminant validity is achieved when the correlation between a construct and its indicators is stronger than the correlation with indicators from other block constructs.

**Table 2.** Cross Loading Results

	<b>Financial Literacy</b>	<b>Accounting Training</b>	<b>Motivation</b>	<b>Capital</b>	<b>Length of Business</b>	<b>MSME success</b>
X1.1	<b>0.601</b>	0.224	0.478	0.426	0.156	0.151
X1.2	<b>0.525</b>	0.171	0.301	0.284	0.248	0.270
X1.6	<b>0.688</b>	0.276	0.260	0.296	0.225	0.277
X1.7	<b>0.734</b>	0.388	0.181	0.322	0.298	0.232
X1.8	<b>0.819</b>	0.329	0.438	0.349	0.119	0.309
X1.9	<b>0.635</b>	0.130	0.442	0.217	0.137	0.237
X2.1	0.229	<b>0.788</b>	0.286	0.280	0.376	0.295
X2.2	0.215	<b>0.822</b>	0.209	0.375	0.447	0.262
X2.3	0.264	<b>0.801</b>	0.236	0.344	0.356	0.234
X2.4	0.501	<b>0.871</b>	0.473	0.510	0.469	0.378
X3.1	0.454	0.401	<b>0.842</b>	0.449	0.374	0.472
X3.2	0.363	0.259	<b>0.805</b>	0.277	0.297	0.325
X3.4	0.235	0.267	<b>0.535</b>	0.217	0.401	0.185
X3.6	0.391	0.203	<b>0.719</b>	0.474	0.337	0.392
X4.1	0.284	0.284	0.410	<b>0.718</b>	0.282	0.395
X4.2	0.303	0.358	0.326	<b>0.709</b>	0.290	0.412
X4.3	0.416	0.432	0.441	<b>0.766</b>	0.329	0.527
X4.4	0.282	0.237	0.249	<b>0.641</b>	0.158	0.410
X5.1	0.274	0.369	0.250	0.394	<b>0.761</b>	0.303
X5.2	0.202	0.355	0.167	0.380	<b>0.685</b>	0.268
X5.3	0.376	0.558	0.326	0.372	<b>0.819</b>	0.514
X5.4	0.201	0.182	0.249	0.159	<b>0.703</b>	0.428
X5.5	0.248	0.375	0.381	0.469	<b>0.717</b>	0.314
Y1.1	0.500	0.388	0.432	0.533	0.489	<b>0.889</b>
Y1.2	0.534	0.323	0.406	0.501	0.483	<b>0.887</b>
Y1.3	0.349	0.070	0.490	0.303	0.316	<b>0.576</b>
Y1.4	0.487	0.283	0.356	0.524	0.292	<b>0.756</b>
Y1.5	0.485	0.320	0.312	0.549	0.443	<b>0.786</b>

Source: Discriminant Validity Smart PLS (2023)

The result indicating that the correlation values between the constructs and their respective indicators are higher than certain correlation values with other constructs. As a result, all constructs or latent variables exhibit strong discriminant validity. Once the data from Cross Loadings meets the established requirements, the subsequent step involves testing the convergent validity by comparing the root value of the Average Variance Extracted (AVE) with the inter-construct correlations.

**Table 3.** Average Variance Extracted (AVE) Value

	Average Variance Extracted (AVE)	Conclusion
Financial Literacy	0.567	Valid
Accounting Training	0.674	Valid
Motivation	0.540	Valid
Capital	0.785	Valid
Length of Business	0.546	Valid
MSME success	0.620	Valid

Source: Construct Reliability and Validity Smart PLS (2023)

All constructs show an AVE value  $> 0.5$  with the smallest value being 0.540 for the motivational variable and the largest value being 0.785 capital. This value has exceeded the minimum AVE limit and can be said to be good.

**Table 4.** Correlation Value Between Constructs and AVE Values

	Financial Literacy	Accounting Training	Motivation	Capital	Length of Business	MSME success
Financial Literacy	<b>0.753</b>				0.350	0.601
Accounting Training	0.382	<b>0.821</b>	0.387	0.414	0.507	0.366
Motivation	0.440		<b>0.735</b>	0.480	0.461	0.497
Capital	0.302			<b>0.886</b>	0.347	0.528
Length of Business					<b>0.739</b>	0.522
MSME Business Success						<b>0.787</b>

Source: Discriminant Validity Smart PLS (2023)

The AVE value for each construct is greater than some of the correlation values so this research can be said to have passed the discriminant validity test and can be said to be good.

### **Composite Reliability and Cronbach's Alpha**

Evaluating the reliability of a construct with reflective indicators can be accomplished through two methods: Cronbach's Alpha and Composite Reliability. A construct is considered reliable if both the composite reliability and Cronbach's alpha values are greater than 0.7, indicating a high level of consistency and internal consistency within the construct.

**Table 5.** Composite Reliability and Cronbach's Alpha

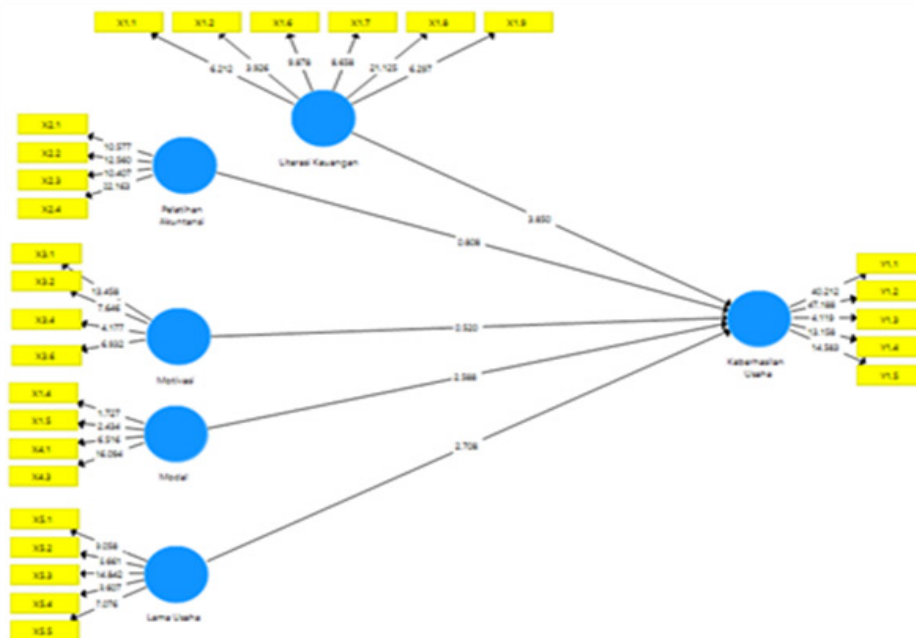
	Cronbach's Alpha	Composite Reliability	Conclusion
Financial Literacy	0.743	0.838	Reliable
Accounting Training	0.840	0.892	Reliable
Motivation	0.715	0.820	Reliable
Capital	0.731	0.879	Reliable
Length of Business	0.798	0.857	Reliable
MSME Business Success	0.840	0.889	Reliable

Source: Construct Reliability and Validity Smart PLS (2023)

The SmartPLS output results show that the Composite Reliability and Cronbach's Alpha values for all constructs are  $> 0.7$ . With this value, all constructs have good reliability and have met the predetermined minimum value.

### Hypothesis test

Testing this research can be described in the figure below:



**Figure 3.** Data processing results of Stage 2  
 Source: SmartPLS,2023

Table 6. Path Coefficient Test Results

	Original Sample (O)	Sample Means (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
<b>Financial Literacy -&gt; MSME success</b>	0.275	0.376	0.087	4,427	0.000
<b>Accounting Training -&gt; MSME Success</b>	-0.086	-0.079	0.084	1.017	0.310
<b>Business Motivation -&gt; MSME success</b>	0.097	0.110	0.148	0.656	0.512
<b>Capital -&gt; MSME success</b>	0.281	0.280	0.088	3,188	0.002
<b>Length of Business -&gt; Success of UMKM</b>	0.275	0.287	0.108	2,532	0.012

Source: Path Coefficient Score (2023)

Based on the results of the path coefficient classification in Table 6, it can be seen that the path that forms the research hypothesis has seen its magnitude and level of significance.

The first hypothesis tests whether there is an effect of financial literacy on the success of MSME businesses. The results show that there is a significant effect with the beta coefficient value of financial literacy on the success of MSME businesses of 0.275 and the P-Value of 0.000. These results, it is stated to be significant, because P-Value <0.05 so the first hypothesis can be accepted. This proves that Financial Literacy influences business success.

The second hypothesis tests whether there is an effect of Accounting Training on the success of MSME businesses. The results show that there is no effect with the beta coefficient value of Accounting Training on MSME business success of -0.086 and the P-Value is 0.310. From these results, it was stated that it was not significant because the P-Value was 0.310 > 0.05 so the second hypothesis was rejected. This proves that Accounting Training does not affect business success.

The third hypothesis tests whether there is an effect of motivation on the success of MSME businesses. The results showed that there was no effect with the beta coefficient value of Motivation on the success of MSME businesses of 0.097 and the P-Value of 0.512. From these results, it was stated that it was not significant because the P-Value was 0.512 > 0.05 so the third hypothesis was rejected. This proves that motivation has no significant effect on business success.

The fourth hypothesis tests whether there is an effect of capital on the success of MSME businesses. The results show a significant influence of the beta coefficient value of Capital on the success of MSME businesses of 0.281 and the P-Value of 0.002. These results are significant because the P-Value is 0.002 <0.05, so the fourth hypothesis can be accepted. This proves that capital has a significant positive effect on business success.

The fifth hypothesis tests whether there is an effect of the length of business on the success of MSME businesses. The results show that there is a significant influence of the length of the business

beta coefficient on the success of MSME businesses of 0.275 and the P-Value of 0.012. These results are significant because the P-Value is  $0.012 < 0.05$ , so the fourth hypothesis can be accepted. This proves that the length of a business has a significant positive effect on business success.

### **The Effect of Financial Literacy on the Success of MSMEs**

Based on the results of the tests that have been carried out, it shows that there is an influence between Financial Literacy on business success in this study. This shows that if the level of financial literacy is higher, the success rate of MSMEs will be higher. Research is in line with (Sanistasya et al., 2019), (Septiani & Wuryani, 2020) & (Hilmawati & Kusumaningtias, 2021) which say that financial literacy affects the sustainability of MSMEs. Financial literacy helps MSMEs to acquire knowledge, skills, and abilities in managing business finances effectively according to the needs and economic conditions they are facing (Septiani & Wuryani, 2020). Adequate financial literacy skills will assist individuals in managing personal financial planning, namely separating personal finance from business finance. With the ability to manage finances, decision-making will be relevant and minimize the occurrence of financial problems in the future.

Increased financial knowledge will also increase the ability of entrepreneurs to use financial services at existing financial institutions. The results of research related to financial literacy show the results that the majority of respondents have understood financial knowledge, recorded sales results, and disbursed funds. In addition, MSME actors also set aside some of the profits earned to invest or use them to expand their business. Good financial literacy will lead to spending decisions that prioritize quality as a strategic effort to be able to minimize existing financial risks. This can make a person responsible for using the money he has effectively so that prosperity in a business will be achieved. The results of the analysis are following the TPB theory which explains how a person carries out planned behavioral actions. Where in this study the emergence of financial literacy is due to the desire and great impact to fulfill life's welfare. This proves that financial literacy is an internal company resource that has the potential and value in achieving a competitive advantage.

### **The Effect of Accounting Training on the Success of MSMEs**

Based on the results of the tests that have been carried out, it shows that there is no influence between the accounting training variables on the success of MSMEs. The results of the study are contrary to the TPB theory, the subjective noma of one's perception of society's views does not support behavior, where accounting training is not an influence in the environment. This is because accounting training is rarely held either by Probolinggo city agencies or offices. This statement was justified by the micro business staff, indeed there has been no training program held for management or finance for MSMEs. Therefore, SMEs do not have the views of the local community because many of the business actors do not understand the importance of accounting records in

business. This is also evident from the questionnaires obtained that a small proportion of small and medium business owners in the city of Probolinggo have attended accounting training, namely only 22%, while the remaining 78% have never attended accounting training. The business actors also agreed that they wanted to take part in accounting training but due to their busy activities in producing food products, they could not be willing to attend accounting training if it was carried out. The accounting training held was not adjusted to the background needs of business actors, the duration of delivery of accounting training material was felt to be lacking and there was no ongoing and continuous training. So that business actors who have attended accounting training but do not have a financial basis will find it difficult to apply the knowledge of the training to the business they are undertaking. This has resulted in Accounting Training for MSMEs in the food and beverage industry having no effect.

### **The Effect of Motivation on the Success of SMEs**

Based on the test results, it shows that motivation does not influence the success of MSMEs. This is contrary to some of the research results that have been stated in the concept review and previous studies on previous business motivation. The results of the study are different from the results of research conducted by (Aisyah Nur Wastuti et al., 2022) and (Wati et al., 2020) where the motivational variable has a significant effect on business success. However, on the other hand, this research is in line with research (Ardiyanti & Mora, 2019) which states that the variable of business motivation is not the main cause of the success of young businesses in Langsa City. The reason is that the profession of an entrepreneur is still considered less prestigious, they think that the feeling of getting a good position is not a motivation. From research, it was found that the motivation of business actors in the food and beverage industry in Probolinggo City was relatively low. This is because many competing products are already on the market, and most of the respondents consider that the aspect of physiological needs is a motivation in entrepreneurship. Sales of products produced by businesses do not experience a sustainable increase so the aspect of fulfilling physiological needs is low. In addition, the food and beverage industry in Probolinggo City is still classified as a micro business where the number of employees is less than 10 people so the factor of establishing a good relationship between employees is very small. The biggest factor that motivated some of the respondents was to continue the family business and earn a better income.

### **The Influence of Capital on the Success of MSMEs**

Based on the results of the tests that have been carried out, it shows that capital has an effect on the success variable of SMEs being accepted. That is, the better the capital used in business, the success of MSMEs will increase. Most of the initial capital used by MSMEs in the food and beverage industry in Probolinggo City in opening a business comes from their capital. The capital is obtained either from savings, donations, or grants from other people which are used for the

production process. The additional capital is used to maintain and improve the entrepreneur's business using existing financing institutions, such as banks, cooperatives, government assistance, and loans from the surrounding environment. It is hoped that there will be easy access to obtain additional capital that can be useful for MSME players in meeting their business needs. This is because capital is an important component of business success, both when you want to open a business and to develop an existing business. Capital adequacy is very important to maintain the smooth operation of production, so the amount must be considered. Too little capital that is not proportional to the needs of the business will make it difficult for the business to run. However, too much capital will add to the burden of business financing, especially if the capital is obtained from outside parties (Millati & Sofwan, 2022). The results of this study are the results of previous studies conducted by (Fitriah et al., 2020) found that increasing the capital owned by MSMEs can facilitate business needs so that business volume increases so that it is hoped that the profits obtained can be maximized. Where increased profits are one of the factors of the success of a business. This research is also in line with (D S Aprilia & Melati, 2021) finding that the size of capital will affect business development in achieving its goals, namely obtaining income. Unlike the research conducted by (Netty Herawaty, and Reni Yustien, 2019); (Millati & Sofwan, 2022) these results show that capital does not affect the success of a business.

### **The Effect of Business Length on the Success of MSMEs**

Based on the results of the tests that have been carried out, it shows that there is an influence of the length of business variable on the success of MSMEs in the food and beverage industry in Probolinggo City. Length of business can be interpreted as how much time has passed in a business activity. In terms of experience, businesses that have been established for a long time tend to be more developed because they already have high experience, and the industry is familiar with existing market conditions. Therefore, there is an assumption that the longer a person runs his business, the greater the chance for a business to succeed. This is because the longer the business, the more experience, knowledge, and skills will increase. The longer a person pursues a field of business, the more the food and beverage industry will affect expertise in making food and beverage products. Business actors will be more skilled and agile in carrying out the production process so that efficiency and costs incurred can be controlled. In addition, business actors who have been running their business for a long time will not rule out having regular customers and can find out market segmentation, customer desires, so they have the right strategy to be able to increase their sales. The results of this study are supported by research (Mufidah et al., 2021) which shows that the length of business variable has an influence and contributes to business success. This study concurs with (Riansyah & Andayani, 2022) which states that the longer a business has been running, the management of the business will change, one of which is the organizational structure and the system used in it. The better the professionalism of the business actor, the better



the continuity of the business. However, this research is in contrast to research by (Fitriah et al., 2020) which states that the length of time the business does not affect business success because the length of time a person has been in a business does not guarantee that the business will develop.

## CONCLUSION

Based on the results of the discussion of the analytical tests that have been described, it can be concluded that financial literacy affects the success of MSMEs. This shows that if the level of financial literacy is higher, the success rate of MSMEs will be higher. With the ability to manage finances, decision-making will be relevant and minimize the occurrence of financial problems in the future. Accounting training does not affect the success of MSMEs. This is because institutions in Probolinggo City rarely hold accounting training, in addition to the low desire and interest of MSME actors to attend training due to their busyness in carrying out production. Motivation does not affect the success of SMEs. It can be said that the motivation possessed by business actors is still relatively low. This is because sales of products produced by businesses do not experience a sustainable increase so the aspect of fulfilling physiological needs is low. Capital influences the success of MSMEs. The greater the capital owned by a business, it will provide smooth the ongoing transaction activities in a business. The length of business affects the success of MSMEs. There is an assumption that the longer a person runs his business, the greater the chance of a business to succeed. This is because the longer the business, the more experience, knowledge, and skills will increase. The implication of this research is that MSME business owners, the government and related parties can take more appropriate actions to support and increase the success of MSMEs in the region.

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