

The Influence of Mental Accounting on the Performance of Micro, Small and Medium Enterprises with Growth Mindset as an Intervening Variable



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ABSTRACT: This research was conducted to examine the influence of Accounting Mentality on MSME Performance with growth mindset as an intervening variable. This research uses primary data by distributing questionnaires to micro, small and medium business owners in the Jakarta area. Sampling of 250 respondents was carried out using the purposive sampling method. This research uses a data analysis method, namely Partial Least Square (PLS)-SEM using a data analysis tool, namely SmartPLS 3.0. Research data was analyzed with a structural equation system using SmartPLS.3.2.9 software. The results of this research are that mental accounting does not have a significant influence on micro business performance. Mental accounting has a significant influence on growth mindset. Growth mindset has a significant influence on micro business performance. Growth mindset can be an intervening variable in the relationship between mental accounting and micro business performance.

KEYWORDS: Accounting Mental, MSME Performance, Growth Mindset

I. INTRODUCTION

In terms of sustainable business development, competent human resources are certainly needed to contribute to optimal business results (Hawari, 2022). One of the competencies that every employee needs to have in a company to deal with the current situation is learning agility. Therefore, to adapt to the situation, organisations or business industries need to have the ability to change quickly and drastically (Hikmah, 2020). If even large and stable companies are still affected by the current situation of uncertainty, then small and new companies will definitely face stronger challenges and dynamics.

In economic development in Indonesia, one of the priorities is the development of MSMEs in Indonesia, because MSMEs are the driving force of a populist economic system that is not only aimed at reducing the problem of inequality between groups, income between businesses, and even poverty alleviation and also as new jobs. It can be seen that the government and many other parties have provided and opened very wide opportunities for MSME business entities to develop their potential and business. However, according to Nur Rokhman and Adi Trisusanto (2011), although MSMEs have received a lot of encouragement from various parties, both the government and certain circles, MSMEs are still faced with problems that are the basic foundation, namely the mentality in decision making by MSME owners, especially those related to financial management. Basically, the government, large corporations or other parties do not really know the problems that occur in the field, so the solutions provided can be said to be inappropriate. They come up with capital assistance solutions, provide training, or provide production equipment. Such an approach does not always work well. Because MSMEs that should become more independent and empowered, but instead are nurtured into dependence. So that once the assistance is stopped, MSMEs are again helpless and begging for more assistance.

Basically, it is true that MSMEs need to be upgraded from small to medium, and eventually large enterprises. But before all that is done, the fundamental and initial big thing that must be completed is to transform Basically, it is true that MSMEs need to be upgraded from small businesses to medium, and finally large. But before all that is done, the basic and initial big thing that must be done is to transform the mindset. One way to boost the growth of SMEs is to increase their level of entrepreneurial orientation. Entrepreneurial orientation has been identified to support firm growth (Ljungquist and Ghannad, 2008). Basile (2012) defines entrepreneurial orientation as the strategic processes, practices and decisions that decision-makers use when formulating a firm's organisational goals, and maintaining its vision, to create a sustainable competitive advantage. Perhaps, more or less many MSMEs are wrong in determining the goal setting orientation or mindset. According to Siburian (2009) The low economic capacity of a person results in many people living at the subsistence level. As a result, the population lacks the courage to make new innovations at the productivity level, because these actions can jeopardise their subsistence life if the innovations are unsuccessful and one of the characteristics of a subsistence economy is the unification of the production unit with the consumption unit, which is the same

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as the production unit. Things like this can be one of the factors in MSMEs. MSMEs with a subsistence mindset run a business only to cover the daily needs of the family (self-sufficiency) and rarely plan and dream big to develop the business.

Because MSMEs have a subsistence mindset, generally MSME entrepreneurs rarely think about separating family finances from company finances and the implication is that if company finances are not separated from family finances, it will be difficult to calculate company expenses and costs. And as a result, if there is no cost calculation, then automatically MSMEs do not know how much profit is generated from their business. This can be an inhibiting factor because if MSMEs do not know the amount of profit generated each year, then of course MSMEs cannot know whether their business is growing or vice versa. And if profits continue to rise, but apparently business costs continue to rise faster. The subsistence mindset hampers MSME entrepreneurs because they are not brave and willing to take risks. In fact, risk-taking is a prerequisite for a business venture to grow and develop bigger.

Individuals with high or low self-confidence respond with a typical response pattern of thoughts, behaviours and feelings in any situation they encounter by focusing on learning new ideas (Dweck, 2006; Johnson, 2009). The reason behind this is that most successful leaders of large businesses have a growth mindset, as building and sustaining excellent organisations in the face of constant change requires it (Dweck, 2006). McGrath and MacMillan (2000) identified several characteristics of an entrepreneurial mindset to include vigorously seeking new opportunities; pursuing opportunities with great discipline; pursuing only the best opportunities; focusing on execution; and engaging the energy of everyone in their domain.

Growth mindset is the most important capital of an entrepreneur. It is this mindset that makes them always think of growing their business. It is the mindset that makes them so eager to set targets of 120%, 150%, or even 200% every year. To achieve a good mindset change, a mental revolution is needed. The mental revolution aims to create individuals with character in which there is a pattern of thinking to carry out every activity. Dilansi from the Indonesian Information Portal (Indonesia.go.id) regarding the Portrait of Human Development, Talking about the mentality of Indonesian people means talking about the cultural portrait of Indonesian society.

The illustration is often simplified as the culture of a pluralistic society. Combining the right mindset with a good mentality will create harmony and capital to develop a business. Ernst & Young (2013) presents the fact that per capita income in the world will increase 200% to 300% from 2010 to 2030. Thus, the right mental aspects are needed to overcome financial problems in MSMEs, namely the mental accounting theory which was first introduced by Richard Thaler in 1985 as one of the consumer behaviour models developed based on aspects of psychology and microeconomics (Thaler, 1999). This theory states that just like a company, every human records and categorises expenses into accounts in their mind. In the human mind, there is an accounting process like that of a company that includes bookkeeping and evaluation of consumption decisions. Mental accounting is a cognitive process in which individuals record, summarise, analyse, and report financial transactions or events to track the flow of money and control spending. In mental accounting, the components involved include framing effect, specific accounts, self-control, decision making, self-report, and hedonic treadmill. Humans regard spending as an experience to be evaluated (Thaler, 1999). Lamberton (2015) argues that accounting is often regarded as the main language of business that encourages profit maximisation as the main goal of the company. Business people often judge the success of a company from accounting indicators (e.g. being able to control more and more resources in society will result in high profit growth, and expand to beat its competitors). Accounting has a basic assumption that phenomena that occur are independent, involve concepts that have their own intrinsic value, can be measured precisely, and are therefore considered objective. The discipline of accounting requires criticism and development that can free business people from the illusion of happiness, egoism, and dehumanisation.

Based on the explanation that has been described, Mental Accounting is expected to affect Micro Business Performance. What is expected is that the existence of a Growth Mindset can help MSMEs directly or indirectly realise how important a good mindset is as an entrepreneur. However, until now there has been no research that specifically tests Mental Accounting can affect micro business performance through Growth Mindset. Thus, researchers are interested in conducting research entitled "The Influence of Mental Accounting on the Performance of Micro, Small and Medium Enterprises with Growth Mindset as an Intervening Variable".

II. LITERATURE REVIEW MENTAL ACCOUNTING

Mental Accounting is an attitude where a person tends to classify or separate his tax from the income turnover earned by individuals as well as in conducting financial management and the ability to pay taxes. Taxpayers who have a high awareness of mental accounting mean that they have a good and clear level of awareness, and tax reporting compared to someone who does not have this mental accounting attitude. This mental accounting has a relationship with each individual's tax decision. (Olsen et al., 2019).

In general, mental accounting refers to the process of categorising an outcome (Henderson and Peterson, 1992; Tversky and Kahneman, 1981). A person can categorise outcomes, especially assets, into three categories in mental accounting, namely: current income, current assets, and future income (Thaler, 1985). Mental Accounting was proposed and developed by Professor Richard Thaler (1985) from Chicago University. In his own understanding, mental accounting can be interpreted as a series of cognitive measures of economic actors in managing, evaluating, and maintaining their financial activities (Thaler, 1999). From another

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perspective, mental accounting is the activity of coding, categorising, and evaluating financial decisions (Pompian, 2006). Thaler (1990) and Davis (2003) found that mental accounting allows transactions to be evaluated separately from other transactions. This will reduce the cognitive load of decision-making thereby, easing the decision-making process. Mental accounting theory draws on some fundamental ideas from prospect theory developed by Kahneman and Tversky (1979). Prospect theory explains how individuals decide between alternatives that involve risk. Here, risk is viewed as a gain or loss rather than as an end result of wealth or well-being. Prospect theory is related to decisions that result in a single unitary outcome whereas mental accounting theory is related to outcomes involving two or more distinct events.

Cheema and Soman (2006) state that the mental accounting construct is a metaphor used in purchasing decision-making because of its usefulness in an empirical phenomenon concept. Mental accounting is a cognitive form of bookkeeping that individuals do to check spending and control consumption (Gourville and Soman, 1998; Prelec and Loewenstein, 1998; Thaler, 1985, 1999), in limiting spending people often use mental accounting by limiting budget allocations to certain categories (Heath and Soll, 1996). Similarly, in organisational accounting, one would do a cost-benefit analysis. So, a person compares the cost and benefit of a decision from an existing event to conclude the extent to which the decision provides benefits to him. Various studies reveal that the workings of the mind do resemble the accounting system that is widely discussed in conventional or mainstream accounting literature (Güven and Sorensen, 2012; Thaler and Sunstein 2008). Prelec and Loewenstein (1998) point out that there is another role of mental accounting, namely special transactions, where a person organises an account for transactions, expenses, and consumption credits. Mental accounting can also act as a self-regulatory mechanism. As Thaler (1999) writes: "mental accounting procedures have evolved to save time and money, and also to deal with self-control issues". The statement about mental accounting suggests that the accounting process contains an element of imprecision or ambiguity. Lambertson (2015) argues that accounting is often considered as the main language in business that encourages profit maximisation as the main goal of the company. Business people often judge the success of a company by accounting indicators (e.g. being able to control more and more resources in society will result in high profit growth, and expand to beat its competitors). Accounting has a basic assumption that phenomena that occur are independent, involve concepts that have their own intrinsic value, can be measured precisely, and are therefore considered objective.

MSMEs really need to know what risks they face in the future, whether it will cause losses or profits. In general, MSME actors do not separate finances for their business and personal needs so that often decision making to take risks that will encourage profit maximisation is hampered. Company performance is a measure of company success, which includes financial indicators and non-financial indicators. MSME company performance indicators are formative. MSME performance is the overall work achieved and compared to the work results, targets, goals or criteria that have been determined in advance and agreed upon in a business entity with the criteria for assets and turnover specified in the law.

According to Siti Aisyah (2016) if a business owner or owner of an MSME has a strong mental accounting, it can increase the placement of funds for working capital so as to improve company performance. Mental accounting is best reflected by cash, where cash is the main fund and is expected by MSMEs. Increased placement of funds for working capital results in higher company performance generated by MSMEs. Financial performance shapes company performance the most but has not resulted in optimal company performance. This illustrates that the financial performance in SMEs must be supported by increased sales so as to generate profits as expected. Non-financial performance of SMEs also cannot be said to be optimal. This is because SME managers as well as owners have not realised the importance of improving the quality of human resources even though they have received training related to SME development, but still cannot apply it to their business. In contrast to research conducted by Okoroafor & Ajaero (2015) that although the three components of mental accounting have a positive influence on company profitability, only the categorisation process component (CP) is significantly related to profitability which will improve company performance. Based on this description, the hypotheses in this study are:

H1: Mental accounting affects the performance of MSMEs

In recent decades, psychologist Carol Dweck pioneered the work on growth mindset. She uses the terms "fixed mindset" and "growth mindset" to characterise the beliefs people hold about intelligence and learning. A fixed mindset reflects the belief that intelligence and success are stagnant. A growth mindset achieves the opposite, allowing individuals the power to influence their success and intelligence through persistence, hard work, learning and training. In business, having a growth mindset causes business people to feel more empowered and committed, according to Dweck. In an article for the Harvard Business Review, she explains how such entrepreneurs receive more support for collaboration and innovation. What about business people in companies with a fixed mindset? It is reported that business people do more than one thing, namely cheating and fraud, presumably to gain an advantage. There is a correlation between mentality and mindset, if the accounting mentality is the basic mentality that a business owner must have, then together with a growth mindset can make business people who always look forward and strive to develop their business potential even greater.

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In a case study conducted by Hakeem Hanmood (2018) shows that using mental accounting methods to measure behaviour and measure the extent of its influence as a result of unusual challenge events faced. Which can be taken to mean that by applying mental accounting, a business person can estimate and place the extent to which what is done can affect the business. This mentality can hone the way of thinking of a business person in order to develop a growth mindset. And based on research by Brownhilder & Johan (2017), it is said that growth mindset in the form of entrepreneurial orientation has a significant positive impact on sales growth. Based on this explanation, the hypotheses in this study are:

H2: Mental Accounting Affects Growth Mindset Performance

Initially, performance measurement was based only on financial aspects, but over time, entrepreneurs realised that nonfinancial aspects are an integral part of achieving performance, and therefore need to be complemented with non-financial performance measurement. Financial performance measurement only focuses on profit which is considered too lagging because it only measures something that has been passed and cannot be used as the only reference to measure business performance literally (Henri, 2006). According to M and Zhengge (2016), performance is a form of management achievement in carrying out business processes. The performance achieved is in the form of financial and non-financial performance. The two performances are interconnected. Non-financial performance promises the achievement of financial performance targets. The manager is the party given the trust in achieving financial performance. Managers as parties who run business processes are considered to have complete company information. Management connects human resources and other resources by using strategic ways to achieve financial performance and continue to achieve sustainable competitive advantage. Management improves financial performance by using management accounting concepts. As the party given the authority to make decisions, managers take action by determining strategies and projecting performance using business models. The business model used as the basis for the development of management accounting is in the form of input - process - output. In this business model, of course, there are many factors that can affect performance, one of which is human resources.

A number of studies only focus on measuring the performance of large-scale companies, ignoring the importance of measuring performance in smaller businesses or Micro, Small and Medium Enterprises (MSMEs). For MSMEs, the performance measurement used is different due to different business characteristics (Storey, 1994). In addition, MSME performance measurement is not derived from strategy, where performance measurement should be based on it (Nyhus, 2001). MSMEs differ from large enterprises due to the following: limited human and financial resources, operating in narrow markets, parallel and flexible structures. Limited resources in MSMEs make the dimensions of quality and labour time important so that the level of wasted materials remains low, and because they operate in a narrow market, customer satisfaction must be maintained. In addition, the number of employees and flexible organisational structure allows one person to be responsible for many domains, so the quality and motivation of employees must also be considered. The problem that arises for some MSMEs is that measurement is complicated.

Growth Mindset

Mindset consists of two words, mind and set. "Mind" can literally be defined as the seat of thought and memory; the centre of consciousness that generates thoughts, feelings, ideas, and perceptions, and stores knowledge and memories. "Set" means a preference for or increased ability in a particular activity. Thus mindset is beliefs that affect someone's attitude; a set of beliefs or a way of thinking that determine someone's behaviour and outlook. (Adi W. Gunawan, 2007). Mindset is the essence of self-learning. It is what determines how to view potential, intelligence, challenges and opportunities as a process that must be pursued with perseverance, hard work, and effort to achieve goals. Thus, to change the mindset, the first step required is to change the belief or set of beliefs first. Piaget, the father of cognitive developmental psychology, towards the end of his life realised that focusing only on logical thinking ability was not enough. Piaget came to the conclusion that belief systems play an equally important or even more important role than logical thinking in shaping one's mindset.

Carol S. Dweck, an expert in the field of psychology discusses mindset in her book, *Mindset: The New Psychology of Success* argues that in this world there are two kinds of mindset:

1) Growth Mindset

This growth mindset is based on the belief that a person's basic qualities are things that can be cultivated through certain efforts. Although people may be different in every way, everyone's initial talents and abilities, interests, or temperament can change and develop through treatment and experience. The characteristics of a person with a growth mindset are as follows:

- (a) Have a belief that intelligence, talent, and character are not a function of heredity.
- (b) Accepting challenges and taking them seriously
- (c) Remaining forward-looking from failure
- (d) Have a positive outlook on business
- (e) Learn from criticism
- (f) Finding lessons and getting inspiration from the success of others

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2) Fixed mindset

Fixed mindset is based on the belief that one's qualities are fixed. If one has a certain amount of intelligence, a certain personality, and a certain moral character. The characteristics of people with a fixed mindset are as follows: (a) Believes that intelligence, talent, and character are a function of heredity. (b) Avoid challenges

- (c) Give up easily
- (d) Thinking that effort is useless
- (e) Ignoring criticism
- (f) Feeling threatened by the success of others

Based on the characteristics of the growth mindset and fixed mindset mentioned above, the two can be distinguished through:

- (a) Belief in intelligence, talents and traits
- (b) Risk taking for challenges
- (c) Responses to obstacles and obstacles
- (d) Effort made
- (e) Acceptance of criticism and suggestions
- (f) Willingness to find lessons and inspiration from the experiences of others.

Mindset is one of the factors in the creation of things and ideas that will be done in business, especially in MSMEs and is a form of measurement of the competitiveness of human resources. Based on the information that researchers get from various journals, a red thread can be drawn, namely one of the factors that can cause a decline is caused by human resource factors.

Growth mindset has a variety of indicators that can be studied and have been studied from various perspectives, such as: a.

- Entrepreneurial orientation (Wales, 2016; Shan, et al, 2016).
- (b) Entrepreneurial leadership (Leitch, and Volery, 2017; Newman et al., 2018; Gupta, et al., 2004).
- (c) Entrepreneurial culture (Beugelsdijk, 2007; Dimitratos and Plakoyiannaki, 2003; Hayton and Cacciotti, 2013).

Growth mindset is an individual who has a strong, positive mindset and does not easily give up on their abilities, but they are able to improve themselves to become better over time. In addition, people with a growth mindset also know themselves very well, they know what their strengths and weaknesses are. This example of mindset is indeed very appropriate for people who want to achieve success. That is why this growth mindset is commonly referred to as the mindset of successful people. Why is that? Because they believe that everyone's abilities and skills can change at any time, where each individual can change and improve their behaviour and improve their abilities. Growth mindset will not only have a positive impact on the individual concerned. However, this mindset will also have a positive effect on the people around them, especially in the work environment. Many companies have realised the importance of growth mindset, so leaders have started to invest their money, energy and thoughts in shaping employees who have a growth mindset.

In the form of MSME businesses, the most visible dimension of growth mindset is entrepreneurial orientation which will affect overall company performance, such as return on equity / assets / sales (Miller & Bromiley, 1990). Research conducted by Roslan et al (2014) states that Entrepreneurial Orientation has a significant positive effect on business performance. This means that when the level of Entrepreneurial Orientation increases, the level of business performance also increases. It can be concluded that the Entrepreneurial Orientation of SME owners/managers can affect the success and survival of SMEs. Based on this explanation, the hypotheses in this study are:

H3: growth mindset affects the performance of SMEs

Mental accounting is the behaviour of individuals or entities related to coding/identifying, categorising accounts, and evaluating their financial activities based on individual cognitive behaviour. The basis for mental accounting is because there is a mismatch in treating finances. Mental accounting is used as a tool to control the financial activities of a person or entity so as to avoid inappropriate decisions. As stated by Silooy (2012), mental accounting can be used to prevent the utilisation of funds for consumptive purposes and can help financial management. Mental accounting as a financial planning tool for each individual or entity so that every expenditure used is not based on spontaneous desires but based on needs that are really needed. Mental accounting is closely related to individual psychology so that it has an impact on the mindset of a business person to make future decisions. In the business world, there are many cases of failure or risk faced. So with good mental accounting behaviour must be accompanied by a growth mindset. Having a growth mindset causes business people to feel more empowered and committed despite the many uncertainties or risks that will be faced in future business continuity. Individuals who have a growth mindset will always learn from existing things and strive to always be better and more developed. Growth mindset will not only have a positive impact on the individual concerned. However, this kind of mindset will also have a positive effect on the people around, especially in the work environment.

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Growth mindset that is owned in the work environment either by business owners or employees in it will affect the overall performance of the company, such as return on equity / assets / sales (Miller and Bromiley, 1990). And will significantly affect company performance. So that by applying mental accounting behaviour and supported by a growth mindset, it will affect business performance to be better and more sustainable.

H4: Mental accounting affects MSME performance through growth mindset.

Conceptual Framework and Hypotheses

This study uses path analysis, which is to analyse the pattern between variable relationships with the aim of knowing the direct and indirect effects of a set of exogenous variables with endogenous variables. Every analysis used to solve statistical problems is inseparable from the assumptions that must be adhered to so that the conclusions obtained can be justified. The basis used to test this hypothesis is the value contained in the Path Coefficient to test the structural model.

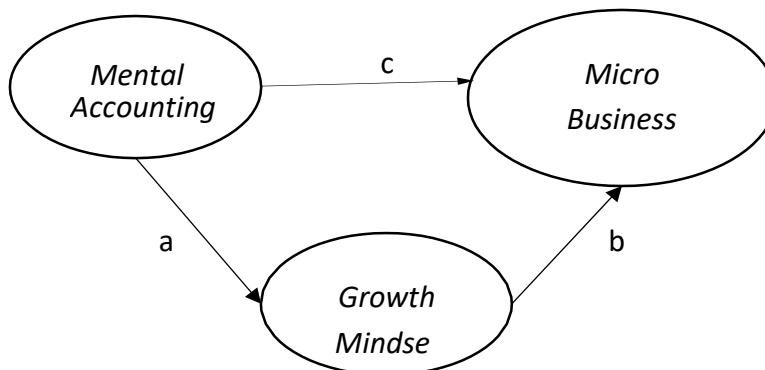


Figure 2.1 Research Model

Based on the theoretical framework above, the authors formulate the following hypothesis:

- H1: Mental accounting affects the performance of MSMEs
- H2: mental accounting affects growth mindset
- H3: growth mindset affects the performance of MSMEs
- H4: Mental accounting affects MSME performance through growth mindset

III. METHODS

The population taken in this study were MSMEs in DKI Jakarta, because DKI Jakarta is considered a metropolitan centre with many MSMEs in it and no one has examined mental accounting and growth mindset in MSMEs in DKI Jakarta before. While the sample used in this study was 250 respondents of MSME owners in the DKI Jakarta area. The results of the 2017 economic census by the Central Statistics Agency (BPS) state that there are around 1,214,420 MSMEs in the DKI Jakarta province. In this study, researchers used a sample selection method, namely purposive sampling. This means that the sample selected must be based on the criteria or sample requirements needed in the study. According to Sekaran & Bougie (2010) this method is a superior method compared to other methods because the data must provide appropriate information in order to be selected. The samples to be taken from the population are MSME owners with the following qualifications: MSME owners in the DKI Jakarta area, MSMEs have been established for at least 1 year, because they are considered to have sufficient experience to understand the internal conditions of MSMEs. In the research conducted, the main data used by the author was obtained through field research, namely primary data obtained directly from the main source. The subjects of this research are MSME owners in the DKI Jakarta area. The questionnaire was distributed through a google form-based online survey.

The independent variable in this study is mental accounting practice. Mental accounting is the behaviour of individuals or entities related to coding or identifying, categorising accounts, and evaluating their financial activities. The basis for mental accounting is because there is a mismatch in treating finances. Mental accounting is used as a tool to control the financial activities of a person or entity so as to avoid inappropriate decisions. As stated by Silooy (2012), mental accounting can be used to prevent the use of funds for consumptive purposes and can help financial management. Mental accounting is measured by in-depth analysis of the data that has been collected from each question answer. This aims to find out how the mentality of MSME owners. In this study, mental accounting is measured using the main component indicators expressed by Thaler and Shefrin (1981) and adjusted to the research topic using 4 dimensions, namely (1) extraversion, (2) agreeableness, (3) conscientiousness, (4) emotional stability, (5) openness.

Performance can be seen from non-financial performance and financial performance (M & Zhengge, 2016). Company performance is measured through a subjective approach. In this approach, firm performance is measured by the perceptions of

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MSME owners who provide responses to the Business Performance Questionnaire. MSME owners are asked to state their company performance criteria from financial and non-financial aspects such as sales growth, profitability, product quality, and customer satisfaction (D. Storey, 1994). This approach was chosen because there is no agreement among researchers about the right performance measures regarding MSMEs, then adjusted to the research topic.

The intervening variable in this research is growth mindset. Individuals with a growth mindset believe that it is possible for individuals to have the power to influence their success and intelligence through persistence, hard work, learning, and training. In business, having a growth mindset causes business people to feel more empowered and committed. A growth mindset that is possessed in the work environment by either the business owner or the employees within it will have an effect on overall company performance, such as return on equity/assets/sales (Miller & Bromiley, 1990). And will significantly affect the company's performance. In the form of MSME businesses, there are three dimensions of growth mindset, namely, (1) entrepreneurial leadership, (2) entrepreneurial culture, (3) entrepreneurial orientation. These researchers uphold that these aspects work together as a coherent whole, to provide businesses with the strategic orientation necessary for success, and it should be viewed as a one-dimensional measure in entrepreneurship research.

Statistical analysis of the data used partial least squares structural equation modelling (pls-sem) through smart pls 3.0 software. The justification for using pls-sem is because based on data characteristics, pls-sem can be used for small samples, does not require data to be normally distributed, because pls-sem is a non-parametric statistic, missing-items are within the tolerance limit, and can process data with an ordinal (Likert) scale. Meanwhile, based on model characteristics, pls-sem can process constructs (latent variables) that have single and multi-item measurements, can process indicators on a reflective and formative measurement scale and can process complex models with many indicators and structural model relationships (hair et al, 2014).

According to Ghozali (2015) explains that PLS is a powerful analytical method because it is not based on many assumptions. Data must be normally distributed and the sample does not have to be large. Covariance-based SEM generally tests causality or theory, while PLS is more of a predictive model. PLS can also be used to explain whether there is a relationship between latent variables and analyse constructs that have been formed with reflective and formative indicators.

IV. RESULT AND DISCUSSION

Testing the structural model in PLS-SEM by considering aspects of collinearity, predictive accuracy and predictive relevance. Determination of the fulfilment of collinearity aspects with VIF values that are less than 5.0; predictive accuracy aspects with R² values of 0.25, 0.5, 0.75 with each level of predictive accuracy for weak, moderate, and strong categories; and predictive relevance aspects with Q² values that must be greater than 0.00 (Hair et al., 2014).

The following will show the tests that have been carried out on the structural model as in Table 1 and Table 2 below.

Table 1: Collinearity Testing

First Set		Second Set		Third Set	
Constructs	VIF	Constructs	VIF	Constructs	VIF
MA	1			MA	1,903
				GM	1,903

Source: Processed primary data

Table 2: Hasil R² dan Q²

	R ²	Q ²
Growth Mindset	0,481	0,310
Micro Business Performance	0,541	0,312

Source: Processed primary data

Based on Table 1 and Table 2 above, it is known that the structural model can be said to fulfil testing aspects of collinearity, predictive accuracy and predictive relevance. The following will show hypothesis testing that has been carried out with t-count results of 1.969 as in the table below.

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Table 3: Pengujian Hipotesis

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P-Values	Significant level	Results
MA→MBS	0,191	0,190	0,156	1,224	0,126	NS	Rejected
MA→GM	0,687	0,691	0,039	17,421	0,000	**	Accepted
GM→MBS	0,587	0,589	0,066	8,860	0,000	**	Accepted
*p< .05. **p< .01.							

Source: Processed primary data

Based on the table above, hypothesis 1 which states that there is a significant effect of mental accounting on micro business performance is rejected, meaning that there is no significant effect of mental accounting on micro business performance. Hypothesis 2, which states that there is an effect of mental accounting on growth mindset, is not rejected, this means that there is a significant effect of mental accounting on growth mindset. Hypothesis 3, testing the effect of growth mindset on micro business performance, based on the table above is not rejected, meaning that there is a significant effect of growth mindset on micro business performance.

Next, the results of the Intervening Effect Test for Mental Accounting on Micro Business Performance through Growth Mindset, the first step taken in the intervening testing procedure is to conduct indirect testing of variable X to variable Y through variable Z. The indirect effect of X to Y through Z is calculated by multiplying the path X →Z (a) by the path Z →Y (b) or ab by the formula:

$$\begin{aligned}
 Sab &= \sqrt{b^2Sa^2 + a^2Sb^2 + Sa^2Sb^2} \\
 &= \sqrt{(0,587)^2 \cdot (0,156)^2 + (0,687)^2 \cdot (0,066)^2 + (0,156)^2 \cdot (0,066)^2} \\
 &= \sqrt{0,344 \cdot 0,028 + 0,471 \cdot 0,004 + 0,028 \cdot 0,004} \\
 &= \sqrt{0,008 + 0,002 + 0,000} = \\
 &\sqrt{0,01} = 0,1
 \end{aligned}$$

The second step is testing to determine the significance of the indirect effect by calculating the t value of the ab coefficient with the formula:

$$\begin{aligned}
 t &= \frac{ab}{sab} \\
 t &= \frac{0,687 \times 0,587}{0,1} = 4,032
 \end{aligned}$$

The results of testing through the sobel test can be seen with a significant t-count at 0.05, namely $4.032 > 1.969$. So it can be concluded that there is an intervening effect of growth mindset variables on the indirect relationship between mental accounting variables and micro business performance, so Hypothesis 4 is accepted.

V. DISCUSSION

a. Effect of Mental Accounting on Micro Business Performance

This finding explains that mental accounting does not really play a role in improving micro business performance, because in this case a good mentality is not enough to advance the business units they have. Because in actual practice there is a possibility that many MSME owners already have a good mentality in terms of persistence, patience, resilience, and high willingness but that alone is not enough to improve business units. It can be found that many MSMEs or business units have been established for a long time, which means that they have had a good mentality for as long as their MSMEs have been established, but many of their business units are only stuck at that point and there is no improvement in performance. In Indonesia itself in the big picture, the mentality of business unit owners can be seen to be very persistent in running their business units until they are passed down to their families, but that is still not proven to be sufficient without real action to take the business unit to a further level so that this is what causes MSME units in Indonesia to be largely only a means of sustenance without any rapid development both in terms of growth and profit.

The results of this study are in line with (Anolam, Okoroafor, & Ajaera, 2015) which states that there is no significant relationship between mental accounting from several aspects in the research conducted on company profitability, because mental accounting is related to individuals not directly with performance. However, the results of this study are not in line with (Siti Aisyah,

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et al, 2019; Muehlbacher S and Kirchler E, 2019) which states that mental accounting has an effect in the aspect of business units. The justification for the results in the author's research is because although it uses theories and aspects that may be the same, especially based on western theory, the research conducted is data-based research from MSMEs in Indonesia, more specifically the DKI Jakarta area. From this it can be said that the perception and mentality of individuals will definitely be different and this is thorough by paying attention to the real conditions in the existing field.

b. The Effect of Mental Accounting on Growth Mindset

These results explain that individuals who have a good mentality can be the basis for developing a mindset. It can be elaborated that mentality is fundamental for an individual to face something and respond to it with real steps. Mindset is an important thing that must be owned by an individual, because in fact many MSME units have an inappropriate mindset to run their business. It can be seen in daily life, MSME units are only fixated on today's income without thinking in the long term about how they can develop their business units and get more profits. Throughout the author's observation, there are research results that examine the relationship between mental accounting and growth mindset before, so the research conducted by the author is exploratory in this regard by looking at the facts in the field and the conditions that occur in the world of MSMEs in Indonesia.

c. Effect of Growth Mindset on Micro Business Performance

The results of this study indicate that there is an effect of growth mindset to improve micro business performance because growth mindset is an important key in individuals responding to a situation. In this case the growth mindset acts as a real form or concrete action taken against a situation faced. The real form of growth mindset is that business unit owners should respond to changes that occur in any aspect to sustain and improve their MSME units. In fact, MSMEs are required to be innovative and creative in the current era if they cannot respond to this, MSMEs will not progress. Now we can see that maybe what used to be a normal thing is now a boom everywhere, for example, there are now many coffee shops, places to eat, entertainment, services, and many other things that have been packaged following the era of the times.

The results of this study are in line with the results of research conducted by (Brownhilder & Johan, 2017; Roslan et al, 2014; J. Augusto et al., 2014; Didin Hikmah and Ferryal Abadi, 2020) which state that growth mindset with entrepreneurial indicators greatly affects micro business performance. Because growth mindset is one of many other important factors that business unit owners must have to advance their business units. The researchers explained that the better the growth mindset of an individual business unit owner, the greater the chance that his business unit will progress and develop. However, the results of the study are not in line with research conducted by Imelda Sitinjak (2020) which says there is no significant effect on the performance of Medan City SMEs in the last 1 year.

d. The Effect of Mental Accounting on Micro Business Performance with Growth Mindset as an Intervening Variable

The results of this study indicate that individuals who have good mental accounting in running their business units are able to develop and train the growth mindset of business unit owners so as to indirectly improve the micro business performance of business units. Although based on the first hypothesis that mental accounting has no effect on micro business performance, but with the intervening variable, namely growth mindset, mental accounting can have an indirect effect. Logically, every individual is driven by the existence of goals and motivation to do something and in this study is to run a business unit. From this, a mental attitude will be formed in accordance with the purpose and motivation of doing business. With the right mindset, MSME actors will be able to act and respond to the circumstances that occur and adapt and develop them, which in the long run will have an impact on the micro business performance of the business unit. As found in everyday life, we can see that now MSMEs are required to follow and respond to the times. With the right mentality and mindset, MSME players can adjust and respond to changing times so that the business unit will always run and develop.

VI. CONCLUSION

The results of this study indicate that 3 out of 4 hypotheses are accepted, while 1 is rejected. Of the several accepted hypotheses, namely Mental Accounting affects Growth Mindset, Growth Mindset on Micro Business Performance, Mental Accounting on Micro Business with Growth Mindset as an intervening variable. While mental accounting has no direct effect on improving micro business performance. This shows that in this study, mental accounting can affect indirectly through growth mindset to improve micro business performance.

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