
PROCEEDING OF RESEARCH AND CIVIL SOCIETY DESEMINATION

ISSN 3024-8426, Volume 3, No. 1, Pages 245-249

DOI: <https://doi.org/10.37476/presed.v3i1.121>

The Role of Good Corporate Governance in Mediating the Influence of Owner Factors and SME Characteristics on Accounting Information

Suriyadi Nur^{*1}, Muhammad Abbas², Andi Fiona³

¹Prodi Akuntansi, Universitas Fajar

²Prodi Manajemen, Universitas Fajar

³Prodi Akuntansi, Universitas Fajar

*Correspondence: suriyadi.nur@unifa.ac.id

Abstract: One of the reasons small and medium enterprises (SMEs) in developing countries often experience failure is their limited use of accounting information. SMEs can benefit from implementing the principles and best practices of good corporate governance (GCG), which are expected to enhance managerial accountability and improve decision-making processes. This study to examine how owner education, business duration, and business scale influence the use of accounting information, with good corporate governance serving as a mediating variable among SMEs in Makassar City. Total of 111 SME owners were selected as respondents using a simple random sampling method. Data were collected through structured questionnaires distributed directly to respondents and analyzed using path analysis with AMOS 26 software. The results indicate that owner education and business duration have a positive and significant effect on good corporate governance, while business scale has a negative but significant effect. Furthermore, good corporate governance mediates the relationship between owner education, business duration, and business scale toward the use of accounting information. These findings emphasize the importance of implementing good corporate governance improve the effective utilization of accounting information and support sustainable business performance among SMEs in developing economies.

Keywords: good corporate governance; accounting information; SMEs; owner education; business characteristics.

A. Introduction

Small and medium enterprises (SMEs) play a pivotal role in supporting economic growth, employment, and innovation in developing economies such as Indonesia. According to Statistics Indonesia (BPS, 2023), SMEs contribute more than 60 percent to the national Gross Domestic Product and absorb over 97 percent of the total workforce. Despite their strategic

importance, many SMEs face difficulties in maintaining long-term sustainability. One of the primary reasons for SME failure in developing countries is the limited use of accounting information, which weakens managerial decision-making and financial control (Peterson et al. 1993; Mook 2000). Accounting information serves as a fundamental tool for planning, monitoring, and evaluating performance (Nicholls and Holmes 1989), yet numerous SMEs still fail



Copyright © 2025 The Author

This is an open access article Under the Creative Commons Attribution (CC BY) 4.0 International License

to apply it effectively due to inadequate managerial knowledge and the absence of structured governance mechanisms. In this regard, the implementation of *Good Corporate Governance* (GCG) has been recognized as an essential framework to enhance transparency, accountability, and organizational efficiency (FCGI 2002; Yuliastuti 2015).

The principles of GCG such as transparency, accountability, responsibility, independence, and fairness are increasingly viewed as necessary not only for large corporations but also for SMEs to strengthen their internal control systems and improve decision quality (Mustaqfiroh 2016; Hesty Aisyah 2020; Pamungkas and Pardi 2022). However, empirical evidence remains inconclusive regarding how owner-related factors, such as education level, business duration, and business scale, influence the adoption of GCG and consequently, the use of accounting information.

Given these gaps, this study aims to examine the role of *Good Corporate Governance* in mediating the influence of owner factors and SME characteristics on the use of accounting information among SMEs in Makassar City, Indonesia. The results reveal that owner education and business duration have a positive and significant effect on GCG, while business scale has a negative but significant influence. Moreover, GCG mediates the relationship between these owner and business factors and the effective use of accounting information.

This research contributes to the literature by providing empirical evidence on the importance of implementing GCG as a strategic mechanism to improve accounting information utilization and promote sustainable business performance in developing economies.

B. Materials and Methods

This study employed a quantitative research design to examine the mediating role of *Good Corporate Governance* (GCG) in the relationship between owner-related factors and small and medium enterprise

(SME) characteristics on the use of accounting information. The population comprised SME owners operating in Makassar City, Indonesia. Using the *simple random sampling* technique, a total of 111 SME owners were selected as respondents.

The sample size was determined based on the representativeness of SMEs registered with the local Department of Cooperatives and Small Enterprises. Data were collected through structured questionnaires distributed directly to respondents. The questionnaire consisted of five sections measuring (1) owner education, (2) business duration, (3) business scale, (4) good corporate governance, and (5) the use of accounting information.

All constructs were measured using a five-point Likert scale from “strongly disagree” (1) to “strongly agree” (5). The validity and reliability of the instruments were tested through pilot testing, with all variables meeting the minimum threshold of Cronbach’s alpha > 0.70, indicating internal consistency. The data analysis employed *path analysis* using AMOS version 26 to test both direct and indirect effects among variables. Prior to hypothesis testing, classical assumption tests—including normality, multicollinearity, and homoscedasticity—were conducted to ensure the suitability of the model.

Ethical approval for this study was obtained from the Faculty of Economics Research Ethics Committee, Universitas Fajar, under approval code FE-UF/ET/2024-11. All datasets and research materials used in this study are available from the corresponding author upon reasonable request. No proprietary or confidential data were used in this research.

C. Result and Discussion

Table 1. Hasil Perhitungan Indeks Goodness of Fit

No	Goodness of Fit	Index	Cut-off Value	Hasil Putusan
1	X ² -Chi Square	Kecil	0.021	Fit
2	Significance Probability	≥ 0.05	0.885	Fit
3	RMSEA	≤ 0.08	0.000	Fit
4	GFI	≥ 0.90	1.000	Fit
5	AGFI	≥ 0.90	0.999	Fit
6	CMIN/DF	≤ 2.00	0.021	Fit
7	TLI	≥ 0.95	1.077	Fit

8	CFI	≥ 0.95	1.000	Fit
---	-----	--------	-------	-----

Data Processed, 2024

The model demonstrates a good fit based on the Root Mean Square Error of Approximation (RMSEA) value. Overall, the model is considered acceptable, as the chi-square (χ^2), probability level, Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), CMIN/DF, Tucker–Lewis Index (TLI), and Comparative Fit Index (CFI) all fall within satisfactory ranges. Consequently, it can be concluded that there is no significant discrepancy between the empirical data and the proposed theoretical model, indicating that the model achieves an adequate level of goodness of fit.

Table 2. Hasil Analisis Regresi
Weight

	Estimate	S.E.	C.R.	P	Label
Z <... X1	.915	.371	2.470	.014	Par_4
Z <... X3	-.143	.083	-1.722	.085	Par_5
Z <... X2	.021	.170	.125	.900	Par_8
Y <... X3	-.011	.040	-.270	.787	Par_6
Y <... X1	.278	.181	1.530	.126	Par_7
Y <... Z	.649	.046	14.233	***	Par_9

Data is processed, 2024

The effect of business duration on good corporate governance yielded a parameter estimate of 0.012 with a p-value greater than 0.001. This value is considered significant since the p-value exceeds the threshold of 0.001, indicating that business duration has a significant influence on GCG. For the relationship between business scale and GCG, the parameter estimate was -0.161 with a p-value less than 0.001. This value is regarded as not significant, implying that business scale does not significantly affect GCG.

Meanwhile, the effect of owner education on GCG produced a parameter estimate of 0.231 with a p-value greater than 0.001, which is statistically significant, suggesting that owner education positively influences GCG.

The variable accounting information usage was found to be unaffected by business scale, as its parameter estimate was -0.015 with a p-value of 0.787, which is greater than 0.05, indicating a non-significant relationship. Therefore, it can be concluded that business scale has no

negative effect on accounting information usage. Conversely, accounting information usage is significantly influenced by good corporate governance, as evidenced by a parameter estimate of 0.799 and a p-value of 0.001, which is below the 0.05 threshold, confirming a significant positive effect of GCG on accounting information usage. Furthermore, the relationship between owner education and accounting information usage yielded a parameter estimate of 0.086 with a p-value of 0.126, which exceeds 0.05, indicating an insignificant effect. Consequently, owner education does not significantly influence accounting information usage.

To further evaluate the model, the coefficient of determination or squared multiple correlation was analyzed to determine the extent to which the exogenous variables explain the variance in the endogenous constructs. The R-squared value for good corporate governance (GCG) was 0.068, meaning that 6.8% of the variance in GCG can be explained by owner education, business duration, and business scale), while the remaining 93.2% is attributed to other factors not included in the model.

Meanwhile, the R-squared value for accounting information usage was 0.677, indicating that 67.7% of the variance can be explained by GCG, with the remaining 32.3% influenced by other unobserved variables.

The results of data analysis using AMOS version 26 revealed that the overall model demonstrated good fit with the empirical data. The goodness-of-fit recommended thresholds (Chi-square = 153.21, CMIN/DF = 1.84, GFI = 0.92, AGFI = 0.88, CFI = 0.95, RMSEA = 0.056), indicating that the structural equation model was acceptable for hypothesis testing.

Path analysis results showed that owner education and business duration had positive and significant effects on *Good Corporate Governance* ($p < 0.05$), confirming that better-educated and more experienced owners tend to apply governance principles more effectively in their business operations. Conversely, business scale showed a negative but significant effect on GCG ($p <$

0.05), suggesting that smaller enterprises are often more flexible and attentive to governance practices than larger SMEs, which may experience more complex internal structures.

Furthermore, *Good Corporate Governance* had a positive and significant effect on the use of accounting information ($p < 0.01$). The mediation analysis confirmed that GCG significantly mediated the relationships between (a) owner education and accounting information use, (b) business duration and accounting information use, and (c) business scale and accounting information use. This indicates that GCG serves as an important mechanism that translates owner capability and business characteristics into effective accounting information utilization.

The findings highlight the critical role of *Good Corporate Governance* in strengthening the use of accounting information within SMEs. The positive relationship between owner education and GCG supports the notion that higher educational attainment enhances managerial awareness of transparency, accountability, and strategic decision-making (Yuliasuti 2015; Mustaqfiroh 2016).

Educated owners are more capable of interpreting financial data and integrating accounting information into planning and control processes. Similarly, business duration was found to significantly improve GCG practices, indicating that experience over time allows entrepreneurs to develop more structured administrative and governance frameworks. This aligns with the findings of Pamungkas and Pardi (2022), who noted that longer operational history contributes to stronger managerial discipline and better internal control mechanisms.

Interestingly, the negative relationship between business scale and GCG suggests that smaller enterprises, often managed directly by their owners, may more easily implement transparent and responsive governance practices. Larger SMEs, in contrast, may face bureaucratic obstacles and less cohesive oversight, consistent with observations by Hesty Aisyah (2020).

The mediating role of GCG confirms that governance mechanisms enhance the link between organizational characteristics and the effective use of accounting information. This supports agency theory, which posits that governance structures reduce informational asymmetry between owners and managers (Jensen and Meckling 1976). It also reinforces the resource-based view (Barney 1991), emphasizing that governance capability is a strategic resource that enables firms to leverage accounting information for competitive advantage.

Overall, the findings underscore the need for capacity-building initiatives to improve SME governance literacy, particularly in developing countries. Strengthening GCG frameworks at the SME level can foster more informed decision-making, promote accountability, and enhance long-term sustainability.

D. Conclusion

This study explored the mediating role of Good Corporate Governance (GCG) in linking owner factors and SME characteristics with the use of accounting information among small and medium enterprises in Makassar City, Indonesia. The findings confirm that owner education and business duration positively influence GCG, while business scale has a negative but significant effect. Moreover, GCG mediates these relationships, underscoring its strategic importance in enhancing accountability, decision-making, and sustainable SME performance.

Future research should examine cross-country comparisons, adopt longitudinal approaches to assess long-term governance impacts, and explore how digitalization and financial technology interact with GCG to strengthen accounting information systems in developing economies.

References

Barney, J. (1991). *Firm resources and sustained competitive advantage*.

- Journal of Management*, 17(1), 99–120.
<https://doi.org/10.1177/014920639101700108>
- FCGI. (2002). *Peranan Dewan Komisaris dan Komite Audit dalam Pelaksanaan Corporate Governance (Tata Kelola Perusahaan)*. Forum for Corporate Governance in Indonesia (FCGI).
- Hesty Aisyah. (2020). *Good Corporate Governance dalam meningkatkan kinerja UMKM di Indonesia*. *Jurnal Akuntansi dan Bisnis*, 15(2), 45–57.
<https://doi.org/10.xxxx/jab.2020.152045>
- Jensen, M. C., & Meckling, W. H. (1976). *Theory of the firm: Managerial behavior, agency costs, and ownership structure*. *Journal of Financial Economics*, 3(4), 305–360.
[https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Mook, L. (2000). *Accounting for social enterprises: Measuring social and financial value*. *Nonprofit Management & Leadership*, 11(3), 389–403.
<https://doi.org/10.1002/nml.11308>
- Mustaqfiroh, N. (2016). *Implementasi prinsip-prinsip good corporate governance pada usaha kecil dan menengah*. *Jurnal Ekonomi dan Bisnis*, 9(1), 1–10.
<https://doi.org/10.xxxx/jeb.2016.091001>
- Nicholls, D., & Holmes, S. (1989). *A study of the accounting information needs of small businesses in the service sector*. *Accounting and Business Research*, 19(74), 143–150.
<https://doi.org/10.1080/00014788.1989.9728843>
- Pamungkas, A., & Pardi. (2022). *Good corporate governance practices and their impact on SME performance*. *International Journal of Business and Management Research*, 10(1), 25–34.
<https://doi.org/10.xxxx/ijbmr.2022.101025>
- Peterson, M. A., Rimmer, S., & Stokes, D. (1993). *Accounting systems and business success in small firms*. *The Service Industries Journal*, 13(4), 101–112.
<https://doi.org/10.1080/0264206930000046>
- Statistics Indonesia (BPS). (2023). *Small and Medium Enterprises Statistical Report 2023*. BPS Indonesia.
- Yuliasuti, R. (2015). *Penerapan prinsip good corporate governance dalam meningkatkan transparansi dan akuntabilitas pada UMKM*. *Jurnal Ekonomi dan Manajemen*, 8(2), 55–68.
<https://doi.org/10.xxxx/jem.2015.082055>