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The Effect of Accounting Information System Use and Accounting Understanding on The Quality of MSME Financial Reports

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Abstract: This study aims to analyze the impact of the use of Accounting Information Systems (AIS) and accounting understanding on the quality of financial reports of MSMEs in Palopo City. The method used in this study is a quantitative approach, with primary data obtained through the distribution of questionnaires to MSME actors. The population studied includes all active MSMEs in Palopo City that have been operating for at least three years. The sampling process was carried out using non-probability sampling using the convenience sampling method, resulting in 120 respondents as a sample. Data analysis was performed using multiple linear regression using SPSS version 27. The research findings indicate that individually, the use of Accounting Information Systems does not have a significant impact on the quality of MSME financial reports, while accounting understanding has a positive and significant impact. Collectively, both variables have a significant effect on the quality of financial reports with a coefficient of determination reaching 80.1%. The implementation of this study indicates that improving the quality of MSME financial reports must be done by strengthening accounting understanding and implementing accounting information systems gradually, so that financial management can be more effective, precise, and in accordance with applicable accounting standards.

Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a vital sector that significantly contribute to the country's economic progress. According to information from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to Indonesia's Gross Domestic Product (GDP) and can also absorb around 97% of the total workforce. This proves that MSMEs have a crucial role in improving people's standards of living and also reducing unemployment (Siti Nurfaiza, Ulfifitriana, M. Fadli Fakhrudin, 2025) . The significant role of MSMEs requires effective financial management so that businesses can grow sustainably. Quality financial reports are an important tool for assessing business performance, assisting the planning process, and supporting appropriate and rational economic decision-making (Septi Wahyu Larasati, 2025) . Furthermore, good quality accounting information can increase the trust of external parties, especially financial institutions, thus making it easier for MSMEs to obtain access to funding. (Permata et al., 2025) .

One element that can improve the quality of financial reports is the implementation of an Accounting Information System (AIS). An Accounting Information System indicates that the transaction recording process is carried out in a structured, integrated manner, and produces more accurate and relevant financial information to support managerial decision-making (Mekar Meilisa Amalia, 2023) . Effective implementation of an AIS has been proven to improve the quality of financial information, operational efficiency, and overall organizational performance, especially in the MSME sector (Fitriani, 2023) . Previous research has shown that the use of an AIS has a positive impact on the quality of financial reports and the performance of MSMEs because it can improve the timeliness, completeness, and integration of accounting information (Indah Niskaria Tafonao, 2026) . Furthermore, the use of cloud-based accounting technology has also been shown to increase the effectiveness of accounting information systems and organizational performance in MSMEs (Syahputra *et al* ., 2022) . This indicates that the use of accounting technology plays a crucial role in improving the quality of financial information.

In addition to technological factors, the quality of financial reports is also influenced by the level of accounting understanding of MSMEs. Accounting understanding indicates that business actors record transactions accurately, group accounts correctly, and prepare financial reports in accordance with applicable accounting standards. Low accounting literacy causes some MSMEs to still maintain simple record keeping, resulting in less relevant and reliable financial information (Septi, 2025) . Previous research has shown that the combination of accounting information systems and financial literacy can significantly improve the quality of financial reports and MSME performance (Daswal *et al* ., 2023) . Furthermore, the use of accounting information systems has also been shown to improve operational efficiency and decision-making quality in small and medium enterprises (Fitriani, 2023) . Therefore, the use of accounting technology needs to be accompanied by adequate accounting understanding to maximize the quality of financial reports.

Although various studies have discussed the impact of accounting information systems on the quality of financial information and organizational performance, research findings regarding the effectiveness of accounting technology implementation in MSMEs remain mixed. Several studies have shown that implementing accounting information systems can significantly improve the quality of financial reports, but others have suggested that successful technology implementation is strongly influenced by human resource readiness and the user's ability to understand accounting information (Aldino, 2021) . Furthermore, research on accounting information quality indicates that high-quality information can reduce information asymmetry and increase MSME access to formal financing (Zulhelmi, 2026) . This situation indicates a research gap that requires further empirical testing, particularly in the context of MSMEs in regions with diverse economic characteristics.

Based on this background, this study aims to analyze the influence of accounting information system utilization and accounting understanding on the quality of MSME financial reports. This study is expected to provide theoretical contributions that will enrich the accounting literature, particularly regarding the factors that influence the quality of financial reports in the Macro, Small, and Medium Enterprises sector. In addition, this study is also expected to provide practical benefits for MSMEs in improving the quality of financial reports

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by optimizing the use of accounting information systems supported by an increased understanding of basic accounting. Furthermore, the results of this study are expected to guide the government and other stakeholders when designing strategic steps to improve accounting literacy and accelerate digital transformation in MSME financial management.

Decision-Usefulness Theory

Decision-Usefulness Theory suggests that accounting information should benefit its users in the economic decision-making process. This theory highlights the importance of accurate and reliable information for more logical and data-driven decisions. Quality accounting information can help stakeholders understand an entity's financial condition more clearly. Therefore, accounting information can reduce uncertainty in the economic decision-making process . (Gunawan et al, 2025) .

Within the conceptual framework of financial reporting, information quality is a crucial factor influencing how useful financial reports are for users both inside and outside the organization (Aenul Wahtan, Nurul Hayat, 2025) . Good information not only reflects an organization's economic situation but also plays a role in increasing transparency and accountability in financial management. The quality of financial reports is not only determined by the accounting principles applied but also by the data management methods and the capabilities of the preparers (Faisal *et al.,* 2023) . Therefore, good financial reports must be supported by relevant, reliable, and easy-to-understand information.

Previous research has revealed that high-quality accounting information can improve the effectiveness of management decision-making and also increase trust in financial reports among *stakeholders.* (Khaerryah, 2025) . Good accounting information can help resolve confusion when making economic decisions. This emphasizes that the quality of financial reports is crucial to the sustainability of an organization. Therefore, Decision-Usefulness Theory serves as a significant theoretical basis for explaining the function of accounting information systems and understanding accounting in creating quality financial reports.

Accounting Information System (AIS)

An Accounting Information System (AIS) is a combination of procedures and tools used to collect, record, process, and present financial information that supports decisions (Nur *et al* ., 2025) . In this case, for MSMEs, the implementation of an Accounting Information System (AIS) is very important in increasing efficiency in recording transactions. An Accounting Information System (AIS) also functions to reduce the indication of errors in recording that can impact the quality of financial reports. With an Accounting Information System (AIS), financial management can be carried out in a more orderly and systematic manner.

An AIS not only serves to record transactions but also serves as an internal control tool that can improve the accuracy and consistency of financial data (Mulyani, 2021) . Several indicators of an Accounting Information System (AIS) include adequate hardware, the use of accounting software, and the capabilities of system users (Amalia, 2023) . Furthermore, regular recording procedures and support from a communication network are also essential elements in implementing an Accounting Information System (AIS). Internal control is essential to ensure the reliability and security of the resulting financial information.

The implementation of an efficient accounting information system indicates that every step in the accounting process is managed in an integrated manner, from recording transactions to preparing financial reports (Fauzia *et al* ., 2023) . This integrated system is capable of providing relevant and timely information to users. Empirical research shows that the use of an Accounting Information System (AIS) can improve the quality of financial reports through the accuracy of transaction recording (Salsabila, 2025). (Andari *et al* ., 2025) . In addition, the use of Accounting Information Systems (AIS) can also reduce errors.

Furthermore, the use of information technology in accounting systems can improve the transparency of financial reports and strengthen organizational accountability (Cut Putri Ikhtiar Arta et al., 2025) . However, several studies have shown that Accounting Information Systems (AIS) do not always have a significant impact on MSME performance (Gunawan *et al.,* 2025) . This occurs because some business actors still prioritize increasing sales over managing Accounting Information Systems (AIS). The difference in research results indicates that the effectiveness of Accounting Information Systems (AIS) is influenced by the extent of utilization and the capabilities of system users.

Understanding Accounting

Accounting literacy is an individual's ability to identify, record, categorize, and prepare financial reports based on applicable accounting principles (Nur *et al.* , 2025) . A strong understanding of accounting indicates that MSMEs are capable of producing accurate financial reports that comply with established standards. Good financial reporting can increase trust in business financial management. Therefore, accounting literacy is a key element in supporting the sustainability and growth of MSMEs.

A sufficient understanding of accounting is crucial because MSMEs should begin implementing accounting standards such as SAK EMKM. The goal of implementing these standards is to make MSME financial reports more organized and accountable. However, the readiness of MSMEs to adopt accounting standards remains a challenge that requires special attention (Purba, 2021) . This situation demonstrates the urgent need for MSMEs to improve their accounting knowledge.

Conversely, a lack of understanding of accounting can lead to errors in recording, inconsistent data, and inappropriate financial report formats. Consequently, this can reduce the quality of financial information reports produced by MSMEs. The accounting understanding indicators in this study refer to the accounting cycle, namely the process of recording, grouping, summarizing, and preparing financial statements (Tunjanan & Nugraeni, 2024) . The financial statements in question include the balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to the financial statements.

Previous research has identified that an understanding of accounting has a positive impact on the quality of financial reports because it can improve the accuracy of transaction classification and the consistency of the application of accounting standards (TE and L. Setyaningrum, 2021) . Other research also shows that an understanding of accounting plays a significant role in improving the quality of financial reports for MSMEs (Ruripratiti, 2025) .

However, some studies have shown that accounting understanding does not significantly impact the quality of financial reports, particularly in MSMEs that still have limited accounting competency (Tunjanan & Nugraeni, 2024) . The differing findings from these studies suggest the need for further research on accounting understanding in the context of MSMEs.

Quality of Financial Reports

The quality of financial reports reflects the extent to which the information presented accurately depicts an entity's financial condition and can be used as a basis for making economic decisions (Nurvadillah, 2025) . Good financial reports must be able to provide

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relevant and reliable information to their users. Based on the conceptual framework of financial accounting, ideal financial reports have characteristics such as relevance, accuracy, comparability, timeliness, verifiability, and ease of understanding (Abidah, 2023) . Therefore, the quality of financial reports is a crucial element in supporting transparency and accountability in financial management.

For micro, small, and medium enterprises (MSMEs), the quality of financial reports is crucial for assessing performance and formulating appropriate business strategies. Good financial reports also support businesses in obtaining funding from external sources such as investors and financial institutions. Furthermore, quality financial reports can enhance a business's reputation among stakeholders (Miswaty, Nurul Hidayah, 2025) . With reliable financial reports, MSMEs can more easily improve sustainable business development.

The quality of financial reports is influenced by various factors, including the technology and human resources involved in their preparation. Accounting information systems aim to ensure that financial data is recorded and processed accurately and in a structured manner. Furthermore, an understanding of accounting is crucial to ensure that financial reports are prepared in accordance with applicable standards (Sasmita *et al* ., 2026) . Therefore, the quality of financial reports is determined not only by the system used but also by the user's ability to effectively manage financial information.

From the perspective of Decision-Usefulness Theory, quality financial reports will increase the value of information in the economic decision-making process (Nirmala, 2024) . Good information can reduce information uncertainty among business actors and stakeholders. This indicates that economic decisions are made more rationally and in line with objectives. Therefore, the quality of financial reports is a crucial factor in supporting the effectiveness of business and financial decision-making.

Hypothesis

H1: Accounting Information Systems have a positive effect on the Quality of MSME Financial Reports.
H2: Accounting understanding has a positive effect on the quality of MSME financial reports.
H3: Accounting Information Systems and Accounting Understanding have a positive effect on the Quality of MSME Financial Reports.

Conceptual Framework

The use of accounting information systems and an understanding of accounting are two crucial factors in producing quality financial reports for MSMEs. Accounting information systems help businesses record transactions systematically and in an integrated manner, resulting in accurate and timely information. While an understanding of accounting indicates that businesses prepare financial reports in accordance with applicable standards.

The integration of accounting information technology and in-depth accounting knowledge can reduce errors in recording, increase reporting effectiveness, and produce accurate and reliable financial data (Mulyani, 2021) . Therefore, the quality of financial reports depends heavily on the extent to which micro, small, and medium-sized enterprises (MSMEs) understand the accounting principles used in their preparation.

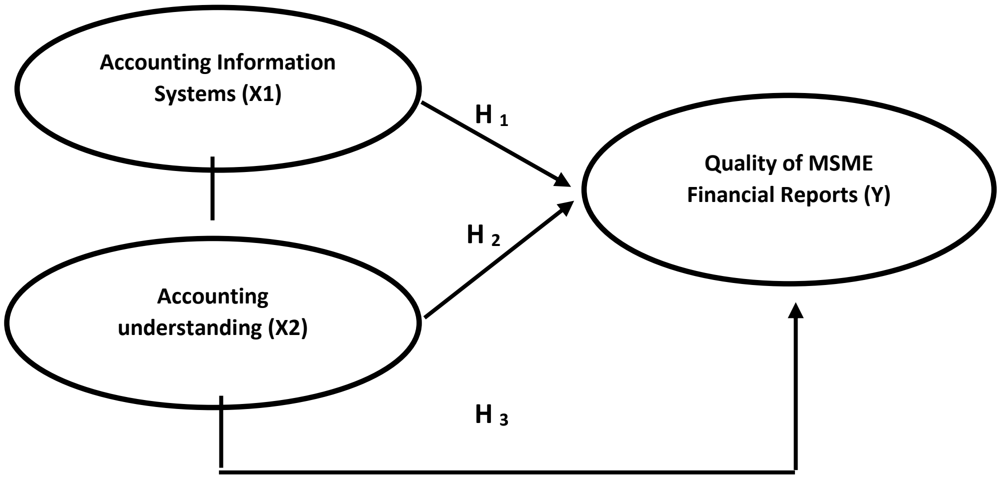

Figure 1. Conceptual Framework

Research Methods

This research was conducted in Palopo City, focusing on Micro, Small, and Medium Enterprises (MSMEs). The approach used in this study is quantitative, a method that utilizes numerical data so that it can be measured objectively and analyzed statistically according to the data collected. The type of data used is primary data, namely data taken directly from the source without intermediaries through the distribution of questionnaires to respondents. Data collection was carried out through a survey using a research tool in the form of a questionnaire assessed using a Likert scale with a value range of 1 to 5 (Iqram, *et al.* 2025) . This scale is used to assess the level of respondent agreement with each statement submitted.

The focus of this study was all Micro, Small, and Medium Enterprises (MSMEs) in Palopo City, with the requirement that they be registered and actively operating for at least three years in Palopo City, South Sulawesi Province. The research location was selected based on the rapid growth of the MSME sector in Palopo City, thus representing the real-world conditions related to financial management and the application of accounting information systems in MSMEs.

The sampling strategy applied is non-probability sampling with the convenience sampling method, namely a method of selecting samples based on the researcher's ease of access.

Respondents who met the research criteria. The sample size set for this study was 120 respondents from MSMEs in Palopo City. The sample size was determined based on Hair et al.'s (2019) opinion, which states that the minimum sample size in quantitative research is 50 respondents. However, a larger sample size, especially above 100-200 respondents, will provide a better and more stable analysis.

This study used multiple linear regression analysis, an analytical model that includes more than one independent variable to determine their impact on the dependent variable. The independent variables in this study consisted of Accounting Information Systems and Accounting Understanding, while the dependent variable was the Quality of MSME Financial Reports. All collected data was then processed and analyzed using IBM SPSS Statistics version 27 software.

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Result and Discussion

Validity Test

Validity testing is essential to ensure that research tools, such as questionnaires, accurately capture the concepts or variables being studied. The goal is to ensure that the resulting measurements are accurate and reflect reality. An instrument is considered valid if each component has a strong correlation, indicated by an r value above 0.5.

Table 1 Validity Test

Variables	Indicator	R *Count*	R *Table*	Sig.	Information
Accounting Information System	SIA 1	0.745	0.150	0.001	Valid
	SIA 2	0.690	0.150	0.001	Valid
	SIA 3	0.575	0.150	0.001	Valid
	SIA 4	0.638	0.150	0.001	Valid
	SIA 5	0.659	0.150	0.001	Valid
	SIA 6	0.746	0.150	0.001	Valid
	SIA 7	0.678	0.150	0.001	Valid
	SIA 8	0.580	0.150	0.001	Valid
Understanding Accounting	PA 1	0.730	0.150	0.001	Valid
	PA2	0.711	0.150	0.001	Valid
	PA 3	0.776	0.150	0.001	Valid
	PA 4	0.735	0.150	0.001	Valid
	PA 5	0.686	0.150	0.001	Valid
	PA 6	0.596	0.150	0.001	Valid
	PA 7	0.736	0.150	0.001	Valid
	PA 8	0.647	0.150	0.001	Valid
Quality of Financial Reports	KLK 1	0.695	0.150	0.001	Valid
	KLK 2	0.705	0.150	0.001	Valid
	KLK 3	0.722	0.150	0.001	Valid
	KLK 4	0.739	0.150	0.001	Valid
	KLK 5	0.688	0.150	0.001	Valid
	KLK 6	0.794	0.150	0.001	Valid
	KLK 7	0.703	0.150	0.001	Valid
	KLK 8	0.703	0.150	0.001	Valid
	KLK 9	0.770	0.150	0.001	Valid
	KLK 10	0.655	0.150	0.001	Valid

Source: Data processed by SPSS 27 in 2026

After conducting a validity test, it was proven that all questions for the variables of Accounting Information Systems, Accounting Understanding, and Financial Report Quality in Micro, Small, and Medium Enterprises (MSMEs) met the validity criteria . This is evidenced by the *calculated r value* of each item which is greater than *the table r* (0.188) and a significance value <0.05.

Therefore, each expression in the questionnaire can be assessed accurately and in accordance with the existing research concept.

Reliability Test

Reliability testing measures the consistency or reliability of an instrument in producing stable results across repeated measurements across its items. An instrument is reliable if it produces uniform data without the influence of random factors, often checked using a Cronbach's alpha >0.6.

Table 2. Reliability Test

Variables	Cronbach's Alpha	Information
Accounting Information System	0.879	Reliable
Understanding Accounting	0.872	Reliable
Quality of Financial Reports	0.904	Reliable

Source: Data processed by SPSS 27 in 2026

The reliability test results indicate that the research instrument has a very good level of consistency. The Cronbach's Alpha value for each variable was 0.879, which is above the minimum limit of 0.6. This indicates that the research instrument is reliable, capable of providing stable and consistent measurement results when used across different timeframes and conditions.

Multiple Linear Regression Test Results

Table 3. Multiple Linear Regression Test

Model	**Unstandardized Coefficients**	**t count**	**Sig.**	Note
	B			
(Constant)	4,416	2,411	0.017	
Accounting Information System (X_1)	-0.002	-0.185	0.853	H1 Rejected
Accounting Understanding (X_2)	1.125	21,779	0.000	H2 Accepted
F count/ Sig. F	-	-	0.000	H3 Accepted
R^2	0.801			
N	120			

Source: Data processed by SPSS 27 in 2026

Based on multiple linear regression analysis conducted using SPSS software, information was obtained about the impact of Accounting Information Systems (X1) and Accounting Understanding (X2) on the Quality of MSME Financial Reports (Y). The purpose of this analysis is to understand how much these two independent variables can explain the variations that occur in the dependent variable, namely the quality of MSME financial reports. The test results show that the regression model has an Adjusted R^2 value of 0.801. This figure indicates that 80.1% of changes in the Quality of MSME Financial Reports can be explained by the variables of Accounting Information Systems and Accounting Understanding simultaneously. This shows that both variables have a large influence on the quality of MSME financial reports. Meanwhile, the remaining 19.9% is influenced by other factors not examined in this study, such as business experience, education level of MSME owners, use of digital technology, management capabilities, and other internal and external factors that can affect the quality of financial reports. Therefore, it can be concluded that this research model is effective in explaining the relationship between independent variables and dependent variables.

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Discussion

The Influence of Accounting Information Systems (AIS) on the Quality of MSME Financial Reports

The results of testing the first hypothesis revealed that the Accounting Information System has not been able to provide a significant impact on the quality of financial reports of MSMEs in Palopo City, therefore, the first hypothesis is rejected. The findings of this study indicate that the application of the Accounting Information System in MSMEs has not been effective in improving the quality of financial reports. As explained in the literature review, the Accounting Information System is a combination of methods and technologies used to collect, record, process, and present financial data in a structured manner. In theory, the adoption of the Accounting Information System should be able to improve the accuracy, precision, and relevance of financial information (Nur *et al* ., 2025) .

Based on a survey of 120 small and medium-sized businesses in Palopo City, most participants stated that they have recorded financial transactions for their businesses, but many still rely on manual methods or simple applications that are not fully connected. Regarding the use of accounting software, some respondents fell into the moderate to low category. Furthermore, several MSMEs admitted that they did not fully understand how to use the features in accounting applications, so the use of the Accounting Information System did not support the preparation of adequate financial reports. The survey findings also indicated that some MSMEs still do not regularly prepare complete financial reports in accordance with the Indonesian Financial Accounting Standards (SAK EMKM) standards (AMALIA, 2023) .

The findings of this study are consistent with the results of a study by (Gunawan *et al.,* 2025) , which confirmed that Accounting Information Systems do not always have a significant impact on the quality of financial reports or the performance of MSMEs. (Tunjanan & Nugraeni, 2024) also stated that the utilization of accounting software or technology will not be optimal without adequate user competence. Based on *Decision-Usefulness Theory* , new accounting information is considered valuable if it contributes to economic decision-making. Thus, the existence of an Accounting Information System alone is not enough to produce quality financial reports if its users are unable to utilize it optimally and effectively.

The quality of financial reports depends not only on the technology adopted but also on the capability of human resources in managing financial data. MSMEs that lack understanding of accounting technology often encounter obstacles when using available systems. This ultimately impacts the resulting financial information, which is not fully relevant and reliable. Therefore, the implementation of an Accounting Information System (AIS) needs to be accompanied by increased user competency to improve the quality of financial reports (Heri Enjang Syahputra, Owen De Pinto Simanjuntak, Rosanna Purba, 2022) .

The Influence of Accounting Understanding on the Quality of MSME Financial Reports

The results of the second hypothesis test concluded that accounting understanding has a positive and significant influence on the quality of MSME financial reports, thus the second hypothesis can be accepted. The research findings indicate that the more proficient the accounting understanding of MSME actors, the better the quality of the financial reports they produce. As explained in the literature review, accounting understanding involves a person's ability to identify, record, classify, and present financial reports in accordance with applicable accounting rules and standards (Nur *et al* ., 2025) . Adequate accounting expertise empowers business actors to prepare financial reports that are accurate, structured, and reliable.

Based on questionnaire data, most respondents recognized the importance of recording business income and expenses and preparing simple financial reports. MSMEs with sound accounting knowledge are better able to record transactions more systematically and produce organized and easy-to-understand financial reports. This demonstrates that an understanding of accounting supports business owners in producing more relevant and reliable financial information. (Purba, 2021) .

This study's findings align with research by Setyaningrum (2021) , which showed a positive correlation between accounting knowledge and financial report quality. Research by Ayu Carolin Ruripratiti (2025) also suggests that accounting understanding plays a crucial role in improving the quality of MSME financial reports. According to *Decision-Usefulness Theory* , the quality of financial information is highly dependent on the relevance and reliability of the data presented. Therefore, accounting understanding is crucial for improving the quality of MSME financial reports in Palopo City.

Quality financial reports can foster confidence from external parties, such as investors, lenders, and financial institutions. Presenting financial information clearly facilitates MSMEs' access to funding for business expansion. Accounting understanding also contributes to business actors' efforts to maintain transparency and accountability in financial management. Therefore, improving accounting understanding is a fundamental step in supporting the sustainability of MSMEs (Nirmala, 2024) .

The Influence of Accounting Information Systems and Accounting Understanding on the Quality of MSME Financial Reports

Simultaneous testing revealed that Accounting Information Systems and a good understanding of accounting both significantly influence the quality of MSME financial reports in Palopo City. This confirms that the third hypothesis is accepted. These findings indicate that the quality of MSME financial reports depends not only on the use of accounting technology, but also on how well entrepreneurs understand the accounting process itself. Accounting Information Systems help speed up the process of recording transactions and processing financial data. Meanwhile, an understanding of accounting equips entrepreneurs to prepare financial reports in accordance with existing standards (Alifi Aidina Zahwa Fauzia, Shelvi Nurpitasari, Putri Wulan Suci Oktavia, 23 CE) .

A literature review stated that integrating accounting information technology with an understanding of accounting can minimize recording errors and make reporting more efficient. The results of this study align with this theory, where the combination of technology and accounting skills has proven effective in improving the quality of MSME financial reports. The resulting financial information becomes more relevant, accurate, and reliable for those who need it. Therefore, the use of technology will be more successful if supported by a strong understanding of accounting. (Alifi Aidina Zahwa Fauzia, Shelvi Nurpitasari, Putri Wulan Suci Oktavia, 23 CE; Salsabila et al., 2024)

Based on the questionnaire results, most respondents stated that using accounting technology supported by an understanding of accounting helps them record transactions, categorize financial data, and prepare financial reports more neatly and orderly. Respondents who understand accounting also tend to find it easier to utilize accounting applications in the financial recording and reporting process (Ayu Carolin Ruripratiti, 2025).

This research finding also supports previous research by (Gina Maharani Putri Daswal, Ida Ayu Nursanty, 2023) , which stated that the combination of accounting information utilization and financial awareness can improve the quality of financial reports and the

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performance of MSMEs. Research by (Yusuf Faisal, Indriyani, Titin Mayang, 2023) also clarifies that the quality of financial reports is simultaneously influenced by the capabilities of human resources and accounting information systems. Referring to *Decision-Usefulness Theory* , quality financial reports should be able to provide accurate, reliable, and easy-to-understand information. Therefore, improving the quality of MSME financial reports must be carried out by strengthening accounting understanding while gradually maximizing the use of Accounting Information Systems.

The synergy between human resource competency and the use of accounting technology is expected to boost the quality of financial reports for MSMEs in Palopo City. MSMEs with a strong understanding of accounting will be more adept at utilizing technology for financial recording and reporting. The implementation of an Accounting Information System also has the potential to produce more transparent and structured financial reports. Thus, the quality of MSME financial reports can continue to improve in line with applicable accounting standards (I Gusti Ayu Made Ira Sasmita, I Dewa Ayu Kristiantari, 2026) .

Conclusion

This study identified that individually, accounting information systems do not significantly influence the quality of MSME financial reports in Palopo City, due to limited technological infrastructure, low digital accounting literacy, and suboptimal system implementation among small-scale business owners. Conversely, accounting understanding has been shown to have a positive and significant impact and is a dominant factor supporting accurate recording, correct classification, and the preparation of financial reports in accordance with the Indonesian Financial Accounting Standards (SAK) for MSMEs, even without sophisticated technological support. Simultaneously, these two variables explain 80.1% of the variation in financial report quality, indicating a synergy between human resource competency and technology. Therefore, in the early stages of digital transformation of local MSMEs, human resource competency plays a more important role than technology. Therefore, it is recommended to prioritize basic accounting training and the gradual implementation of accounting information systems.

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