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Accounting Information Systems and Financial Report Quality Among Micro, Small, and Medium Enterprises in Makassar

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Abstract
Purpose: This study analyzes the effect of accounting information systems on the quality of financial reports produced by Micro, Small, and Medium Enterprises (MSMEs) in Makassar City, identifying how adoption of such systems contributes to relevance, reliability, comparability, understandability, and timeliness among owners who use digital or semi-digital bookkeeping.
Methodology: A quantitative, causal associative design was used. Primary data were collected through a five-point Likert questionnaire distributed to 100 MSME operators in Makassar City who already use an accounting information system, selected through purposive sampling. Analysis included descriptive statistics, validity and reliability testing, classical assumption testing, and simple linear regression using IBM SPSS Statistics version 26.
Results: Accounting information systems exerted a positive and significant effect on reporting quality, with a regression coefficient of 0.718 and significance of 0.000. The system explained about 40.2% of variance in reporting quality, with the remainder attributable to factors such as human resource competence and financial literacy.
Conclusions: Effective adoption of accounting information systems improves the accuracy, relevance, and timeliness of MSME financial reports and supports better business decisions.
Limitations: The study relies on one independent variable and a sample confined to Makassar City, limiting generalizability.
Contribution: The study provides empirical evidence on the role of accounting information systems in MSME reporting quality and contributes to accounting scholarship and financial management practice.

Keywords: *Accounting Information System, Financial Literacy, Financial Report Quality, Makassar City, MSME*

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1. Introduction

Digital transformation has reshaped the way organizations conduct business, and this shift now reaches deep into the financial management practices of Micro, Small, and Medium Enterprises (MSMEs). What was once a phenomenon confined to large corporations has gradually spread to small business units, driven largely by the falling cost of accounting software and smartphone-based bookkeeping applications. One visible outcome of this shift is the growing use of accounting information systems, tools that manage transaction data from initial recording through to the production of financial information that owners can use for decision-making. Simple application-based or software-based accounting tools now allow MSME operators to record transactions faster, more consistently, and with fewer errors than manual bookkeeping typically allows.

Conceptually, an accounting information system is more than a recording device. It functions as an information infrastructure that links day-to-day operational activity with the broader need for financial reporting. In practice, many MSME owners begin by using a digital point-of-sale application purely to record sales, then gradually start relying on the automated reporting features built into that same application to monitor cash flow, inventory, and profit or loss. This gradual shift suggests that technology adoption at the micro level rarely stops at the recording stage; it tends to evolve toward the use of information for more strategic decisions, a pattern consistent with recent evidence that digital accounting systems reshape not only bookkeeping routines but also managerial decision processes in small firms (Dewi & Damayanthi, 2023).

Financial reports occupy a central place in MSME activity because they summarize the condition of a business at a given point in time. That information supports performance evaluation, forward planning, and external needs such as loan applications to banks or financing institutions. Without adequate financial reports, MSME owners often struggle to convince external parties of their business viability, which in turn restricts access to capital. Limited working capital is frequently the single biggest obstacle preventing small firms from expanding production or reaching new markets, a constraint that becomes more visible as digital lenders and financial institutions increasingly require verifiable financial documentation before extending credit (Gunawan & Pulungan, 2023).

The adoption of an accounting information system is expected to help MSME owners manage financial transactions more systematically, reduce recording errors, and produce financial reports that are both accurate and timely. Febriansyah and Kamisa (2023) as well as Miswaty, Hidayah, and Yudaruddin (2025) found that the use of accounting information systems has a positive influence on the quality of MSME financial reports. In a similar vein. Hidayat and Rahayu (2022) found that the application of accounting information systems, combined with broader use of information technology, improves reporting quality among small and medium enterprises. Even so, several studies suggest that this relationship is shaped by additional factors, such as human resource competence and financial literacy or by the financial literacy of business owners themselves (Bakari, Noholo, & Bokiu, 2024; Sularsih, & Wibisono, 2021; Ramadhan, & Fachrurrozie, 2023). These divergent findings point to a research gap concerning the factors that shape MSME reporting quality, particularly regarding how much of that quality can be attributed to the accounting information system alone, independent of other moderating variables.

This gap becomes more pressing given how diverse Indonesian MSMEs are in terms of business scale, sector, and digital literacy among owners. Much of the earlier literature combines accounting information systems with other variables in a single model, which makes it difficult to isolate the system's own contribution to reporting quality. Yet understanding that standalone contribution matters for policymakers and MSME support institutions who must decide where to focus limited resources, whether on technology infrastructure or on building the human capacity of system users. Recent conceptual work on digital accounting adoption in small firms similarly stresses that the reporting benefits of a system depend on how well users are equipped to operate it, not merely on the presence of the technology itself (Krisdiyawati & Maulidah, 2023).

Makassar City is one of the regions where the MSME sector continues to expand and contributes substantially to the local economy. As the capital of South Sulawesi Province and a center of trade and services in eastern Indonesia, Makassar is home to thousands of micro and small enterprises operating across culinary, fashion, service, and retail trade sectors. This growth has been reinforced by the expanding digital ecosystem, including easier access to point-of-sale applications, electronic wallets, and online marketing platforms, all of which indirectly encourage owners to document their transactions more carefully.

At the same time, the quality of financial management and reporting among a portion of Makassar's MSMEs remains a concern, since many owners still rely on manual bookkeeping or keep no records at all. This condition risks producing financial information that is inaccurate, irrelevant, or delayed, which complicates both internal decision-making and compliance with the administrative requirements of financing programs. The absence of adequate financial reports is often the main barrier preventing MSME owners from accessing government credit programs or other financing schemes that require measurable proof of financial performance.

Building on this background, the present study analyzes the effect of accounting information systems on the quality of financial reports among MSMEs in Makassar City. The findings are intended to provide empirical evidence on the relationship between these two variables, serve as a reference for the development of accounting scholarship, and offer practical input for MSME owners seeking to improve their financial management and reporting practices. In practical terms, the study is also intended to inform policymakers and MSME support institutions as they design more targeted digital accounting literacy programs. Academically, the study aims to enrich the literature on information technology adoption at the micro-enterprise level in a developing country context, an area that remains comparatively underexplored relative to studies of large corporations.

2. Literature Review and Hypothesis Development

2.1 Accounting Information Systems

An accounting information system is commonly understood as a mechanism designed to manage financial information through a sequence of processes: collecting data, recording transactions, processing information, and presenting reports that can be used by interested parties. Theoretically, such a system can be viewed as a combination of people, procedures, and technology working together to convert raw data into meaningful financial information. Romney and Steinbart, across various editions of their widely used accounting information systems textbook, emphasize that the value of a system is not measured solely by its technological sophistication but by how far it improves the quality of its users' decisions. In the digital era, adopting an accounting information system has become an important need for MSMEs because it can improve the efficiency of financial management, speed up transaction recording, and generate more accurate and reliable information.

The Technology Acceptance Model developed by Davis provides a useful lens for understanding why MSME owners are willing to adopt these systems. Its two central constructs, perceived ease of use and perceived usefulness, help explain why owners choose between a point-of-sale application, simple accounting software, or continued reliance on manual bookkeeping. The easier an application is to use and the more tangible its perceived benefits, the more likely an owner is to keep using it consistently over time.

A body of research points to the operational benefits that accounting information systems bring to MSME management. Mustamin et al. (2025) explain that such systems support the effectiveness of managerial decision-making among MSMEs. This is reinforced by Fitriani and Hwihanus (2023), who found that adopting an accounting information system improves performance effectiveness through better transaction control and recording. In addition, Opti (2023) reports that the use of accounting information systems, supported by broader information technology, contributes to improved MSME performance. In a related international setting, Kurniawan and Setiawan (2024) found a similar pattern among small and medium enterprises outside Indonesia: implementation of an accounting information system correlates with improved financial reporting quality, suggesting that the benefits of such systems are relatively consistent across different geographic contexts.

Beyond operational effectiveness, accounting information systems also play a role in producing higher-quality financial reports. Miswaty et al. (2025) argue that using such a system positively affects reporting quality because it generates information that is more accurate and timely. This is supported by Herman et al. (2025), Simarmata and Afriani (2021), and Gusherinsya and Samukri (2020), who found that system adoption, use of information technology, and internal control jointly contribute to better MSME financial reporting quality. The consistency of these findings across different regions, from Balikpapan to Gorontalo and elsewhere, strengthens the argument that the relationship between accounting information systems and reporting quality is fairly robust and not confined to a single locality.

Other studies show that the effectiveness of an accounting information system depends on system quality and users' capacity to make use of the technology. Larasati and Saptantinah (2025) explain that an inventory accounting information system can improve operational efficiency when supported by adequate digital literacy. Similarly, Anggadini et al. (2021) argue that system quality is a critical factor in producing high-quality accounting information, a point echoed by more recent evidence that accounting information quality in the digital era depends heavily on how well enterprise systems are implemented and understood by their users (Abu Afifa et al., 2025). Findings from Nur et al. (2023), Fadillah et al. (2025), and Junaidi (2025) further show that system adoption, when paired with adequate accounting understanding, improves MSME reporting quality. Taken together, these studies suggest that an accounting information system is an important factor supporting both the effectiveness of financial management and the quality of the information it produces.

In this study, the accounting information system is measured through five indicators: ease of use, speed of data processing, accuracy of information, data security, and completeness of information. These indicators were chosen because they appear consistently across similar research instruments and are considered to represent both the technical and benefit dimensions of an accounting information system for its users, particularly in the context of micro and small businesses that typically have limited resources for managing complex information systems.

2.2 Quality of Financial Reports

The quality of financial reports refers to the capacity of a financial statement to present information that is relevant, reliable, understandable, comparable, and timely, so that it can serve as a sound basis for economic decision-making. These qualitative characteristics serve as the primary benchmark for judging whether a financial report is fit to guide decisions, whether by internal or external parties. The conceptual framework for financial reporting, as adopted in the Financial Accounting Standards for Micro, Small, and Medium Entities issued by the Indonesian Institute of Accountants, likewise affirms that a quality financial report must be understandable, relevant, reliable, and comparable, even though it is prepared in a simpler format than the standards used by entities with public accountability.

A range of studies show that reporting quality is shaped by both systemic and human factors. Anggadini, Bramasto, and Nafisah (2021) explain that the quality of accounting information depends on system quality and the user's level of knowledge. This is supported by Purwanti and Wasman (2016), Guskhairani and Zulvia (2024), and Bakari, Noholo, and Bokiu (2024), who found that use of an accounting information system, human resource competence, and internal audit jointly affect reporting quality. Putri and Endiana (2022) add that accounting understanding and human resource competence reinforce the effect of accounting information systems on MSME reporting quality.

Human resource competence, internal control, and financial literacy have also been shown to improve MSME reporting quality (Hermanto, Kalbuadi, Farha, & Ibrahim, 2022; Ayem, & Adestia, 2024; Amanda, 2023). The findings indicate that reporting quality improves further when accounting capability, adequate internal control, and an effective accounting information system operate together. From a digitalization perspective, Sari and Yulianto (2024) found that accounting digitalization improves MSME reporting quality through the effectiveness of the accounting information system being used, a finding broadly consistent with more recent evidence that digital accounting adoption enhances reporting efficiency in e-commerce-based MSMEs when paired with adequate digital financial literacy.

Studies by Oktari and Sinta (2023), Khairunnisa, Ardiana, and Ayutika (2024), and Laksmi and Nurfadilah (2026) further explain that accounting understanding, application of the Financial Accounting Standards for Micro, Small, and Medium Entities, and use of digital technology all contribute to improved reporting quality. Taken together, these studies indicate that reporting quality is shaped not only by the accounting information system itself but also by human resource competence, internal control, financial literacy, and the broader use of information technology.

In this study, MSME financial reporting quality is measured using five indicators: relevance, reliability, comparability, understandability, and timeliness of financial information. Relevance refers to how far the information presented can influence users' economic decisions. Reliability concerns the dependability of information that is free of material error and can be verified. Comparability reflects the capacity of a financial report to be compared across periods or against similar businesses, while understandability and timeliness respectively capture the accessibility of information to users and the speed with which reports are made available after the reporting period ends.

2.3 The Relationship Between Accounting Information Systems and Financial Reporting Quality

Theoretically, an accounting information system converts transaction data into financial information that can serve as a basis for decision-making. It follows that the better a system is implemented, the better the resulting financial reporting quality is likely to be. This framing is also consistent with the information systems success model developed by DeLone and McLean, which explains that system quality and information quality jointly shape the net benefit perceived by users, in this case a higher-quality financial report for MSME owners.

A substantial body of research supports a positive relationship between the two variables. Miswaty et al. (2025), Herman et al. (2025), Junaidi (2025), Fadillah et al. (2025), Febriansyah and Kamisa (2023), and Gusherinsya and Samukri (2020) all found that adopting an accounting information system has a positive and significant effect on MSME reporting quality. Simarmata and Afriani (2021) and Nur et al. (2023) similarly report that using such a system produces financial information that is more accurate, reliable, and trustworthy. Wulandari and Mahmud (2023) reinforce this by showing that information technology, together with owner competence, jointly improves MSME reporting quality.

Even so, some studies indicate that this relationship is shaped by supporting factors. Ayem and Adestia (2024) show that human resource competence can strengthen the effect of an accounting information system on reporting quality. Conversely, Aril (2025) found that human resource competence does not always moderate this relationship, even though the system itself continues to exert a positive effect. Findings from Amanda (2023), Khairunnisa et al. (2024), Hermanto et al. (2022), Purwanti and Wasman (2016), Bakari et al. (2024), and Sularsih and Wibisono (2021) further indicate that reporting quality is shaped by a combination of system quality, human resource competence, and internal control.

In addition, Larasati and Saptantinah (2025), Laksmi and Nurfadilah (2026), Mustamin et al. (2025), Fitriani and Hwihanus (2023), and Opti (2023) demonstrate that the use of information technology improves the effectiveness of business management, thereby supporting the preparation of higher-quality financial reports. This pattern is also reflected in international evidence: a conceptual analysis of digital accounting system implementation among small and medium enterprises found that reporting quality gains from digitalization are strongest when users possess adequate digital literacy, underscoring that technology alone is rarely sufficient. Based on this body of prior research, it can be concluded that effective implementation of an accounting information system is expected to improve MSME financial reporting quality.

2.4 Conceptual Framework

Based on the literature reviewed above, the conceptual framework of this study positions the accounting information system (*X*) as the independent variable expected to influence the quality of MSME financial reports (*Y*) as the dependent variable. This framework rests on the premise that the process of handling data through an accounting information system, from transaction input through processing to the output of a financial report, forms a chain that determines the ultimate quality of the resulting information. The better the quality of input and process within the system, the better the quality of the resulting output, consistent with the basic principle in information systems theory that the quality of a system's output depends heavily on the quality of its constituent components.

2.5 Hypothesis

Based on the explanation before, the hypothesis of this study is:

> *H_1:* The accounting information system has a positive and significant effect on the quality of MSME financial reports in Makassar City

3. Research Methodology

This study applies a quantitative approach aimed at establishing the causal relationship between the accounting information system as the independent variable and MSME financial reporting quality as the dependent variable. In terms of data collection technique, this is a survey-based study, since data were obtained directly from respondents through a distributed questionnaire. A causal associative approach was chosen because the study is not limited to describing the condition of accounting information system adoption and reporting quality among MSMEs, but also aims to test whether a statistically generalizable causal relationship exists between the two.

The study was conducted in Makassar City between January and March 2025. The population consisted of all MSME operators in Makassar City who had already used an accounting information system or a financial recording application in running their business. The sample was determined using purposive sampling with three criteria. The MSME had to have operated for at least one year. The business had to use an accounting information system or financial recording application. The owner had to be willing to serve as a respondent. The first criterion was intended to ensure that respondents had sufficient business experience to evaluate the benefits of adopting the system objectively, while the second criterion ensured that respondents were genuinely active users of the system rather than merely familiar with the term (Frimpong, Agyapong, & Agyapong, 2022).

The data used are primary data obtained through a questionnaire distributed both in person and through an online medium, namely Google Forms. The research instrument used a five-point Likert scale, where 1 represents strongly disagree, 2 represents disagree, 3 represents neutral, 4 represents agree, and 5 represents strongly agree. The questionnaire items were developed based on the indicators for each variable and adapted from instruments used in relevant prior studies. Before being used for broader data collection, the instrument was first pilot-tested with a small number of respondents to confirm that the questions were easy to understand and did not introduce interpretation bias.

The independent variable in this study is the accounting information system (*X*), measured through the indicators of ease of use, speed of data processing, accuracy of information, data security, and completeness of information. The dependent variable is MSME financial reporting quality (*Y*), measured based on the indicators of relevance, reliability, comparability, understandability, and timeliness of financial information. The operational definition of each indicator was developed with reference to the qualitative characteristics of accounting information discussed in the literature review, ensuring consistency between the theoretical framework and the measurement instrument used (Abed, Kareem, Jabbar, Zwaid, & Hasan, 2023).

This study assumes that all respondents answered according to their actual conditions and had genuinely applied an accounting information system in their business activity. This assumption is necessary so that the data obtained can objectively reflect the relationship between the study variables. To minimize response bias, the questionnaire was written in simple language and accompanied by a brief explanation of the study's purpose at the beginning of the form, so that respondents understood the context of the questions being asked.

Data processing and analysis were carried out using IBM SPSS Statistics version 26, run on a standard computer or laptop equivalent to an Intel Core i5 processor with 8 GB of RAM, with questionnaire data first tabulated in Microsoft Excel before being imported into SPSS. The analysis stages included descriptive statistics to describe the characteristics of the data, a validity test to examine the accuracy of the instrument, a reliability test to measure the consistency of the instrument, classical assumption testing to ensure the suitability of the regression model, and simple linear regression analysis to test the effect of the accounting information system on MSME financial reporting quality.

The classical assumption tests conducted included a normality test to confirm that the model's residuals were normally distributed, as well as a heteroscedasticity test to confirm that the variance of the residuals was homogeneous across the range of predicted values. Both tests are important to conduct before interpreting the results of the simple linear regression, since violations of these assumptions can cause the regression coefficient estimates to become biased or inefficient. The regression model used in this study is expressed as follows.

$$Y = a + bX + e \quad (1)$$

In this equation form Formula 1 , Y denotes the quality of MSME financial reports, X denotes the accounting information system, a denotes the constant, b denotes the regression coefficient, and e denotes the error term.

Hypothesis testing was conducted using a t-test at a significance level of 5%, with alpha equal to 0.05. The hypothesis is accepted if the significance value is smaller than 0.05, or if the calculated t-value is greater than the t-table value. In addition to the t-test, this study also reports the coefficient of determination, R squared, to determine the proportion of variance in the dependent variable that can be explained by the independent variable in the model.

4. Results and Discussions

4.1 Respondent Characteristics

Table 1. Respondent characteristics

Characteristic	Category	Number (n)	Percentage (%)
Gender	Male	42	42.0
	Female	58	58.0
Length of Business	1-3 years	35	35.0
	More than 3 years	65	65.0
Application Used	Digital cashier/bookkeeping app	70	70.0
	Excel/semi-digital recording	30	30.0

Table 1 show the majority of respondents are female, at 58.0%, indicating that women play a significant role in managing MSMEs in Makassar City, particularly in the culinary and retail trade sectors that dominate the structure of micro enterprises in urban areas. In terms of length of business operation, most respondents, at 65.0$%, have run their business for more than three years, suggesting that the majority possess sufficiently mature business experience to evaluate the benefits of adopting an accounting information system objectively. Meanwhile, in terms of the type of application used, most respondents, at 70.0%, already use a digital cashier or bookkeeping application, while the remaining 30.0% still rely on Excel or semi-digital recording. This composition suggests that the adoption of accounting technology among Makassar's MSMEs is fairly advanced, although a portion of business owners remain in transition toward a more integrated system.

4.2 Validity and Reliability Testing

Validity testing was conducted by comparing the calculated r-value against the r-table value at a 5% significance level. The results are presented in Table 2, and the results of the reliability test are presented in Table 3.

Table 2. Validity test results

Variable / Item	r calculated	r table	Description
Accounting Information System (*X*), items X_1-X_5	0.512-0.748	0.196	Valid
Financial Reporting Quality (*Y*), items Y_1-Y_5	0.489-0.721	0.196	Valid

Table 2 show the validity test results show that all items for the Accounting Information System and Financial Reporting Quality variables are valid. The calculated r-values (0.489–0.748) exceed the r-table value of 0.196, indicating that all questionnaire items adequately measure the intended constructs.

Table 3. Reliability test results

Variable	Cronbach Alpha	Description
Accounting Information System (*X*)	0.821	Reliable
Financial Reporting Quality (*Y*)	0.806	Reliable

Table 3 show the reliability test results indicate that both variables have good internal consistency. The Cronbach's Alpha values for the Accounting Information System (0.821) and Financial Reporting Quality (0.806) exceed the recommended threshold of 0.70, confirming that all questionnaire items are reliable for measuring the research constructs.

All items on both variables are considered valid because the calculated r-value exceeds the r-table value, and reliable because the Cronbach's Alpha value exceeds the commonly used threshold of 0.60. A Cronbach's Alpha of 0.821 for the accounting information system variable and 0.806 for the financial reporting quality variable indicates a high level of internal consistency, meaning the research instrument can be relied upon to produce relatively consistent results if measurement were repeated. With both validity and reliability requirements satisfied, the questionnaire data are considered suitable for the next stage of analysis.

4.3 Classical Assumption Testing

Before conducting regression analysis, this study first carried out normality and heteroscedasticity tests to ensure the regression model met the requirements of a Best Linear Unbiased Estimator. The normality test, using the Kolmogorov-Smirnov approach, indicated that the residual data were normally distributed, marked by a significance value above 0.05. This result suggests that the distribution of data on both study variables is fairly symmetric and does not show a significant tendency toward skewness, meaning that simple linear regression is an appropriate method for testing the relationship between the two variables.

Meanwhile, the heteroscedasticity test, conducted by observing the scatter pattern of points between predicted values and residuals, showed that data points were spread randomly without forming any particular pattern, either above or below zero on the *Y* axis. This condition indicates that the regression model does not suffer from a heteroscedasticity problem, meaning the variance of the residuals can be considered homogeneous across the range of the independent variable. With both classical assumptions satisfied, the regression coefficient estimates in this study can be considered unbiased and suitable for further interpretation.

4.4 Descriptive Statistics

Table 4. Descriptive statistics

Variable	N	Minimum	Maximum	Mean (Std. Dev.)
Accounting Information System (*X*)	100	12	25	20.4 (2.31)
Financial Reporting Quality (*Y*)	100	13	25	20.9 (2.08)

Table 4 shows that the average score for the accounting information system variable is 20.4, out of a possible range of 12 to 25, with a standard deviation of 2.31. This mean value falls into a relatively high category compared with the maximum attainable score, indicating that MSME owners in Makassar City have generally adopted the accounting information system fairly well. Meanwhile, the average score for the financial reporting quality variable is 20.9, with a standard deviation of 2.08, showing a similar tendency, namely that the financial reports produced by respondents are generally of fairly good quality. The relatively small standard deviation on both variables indicates that respondents' answers do not vary widely, meaning that perceptions across respondents regarding the two variables are relatively homogeneous.

4.5 Simple Linear Regression Analysis

Table 5. Simple linear regression results

Variable	Coefficient (B)	Std. Error	Beta	t value	Sig.
(Constant)	6.145	1.872	-	3.282	0.001
Accounting Information System (*X*)	0.718	0.089	0.634	8.067	0.000

Based on Table 5, the resulting regression equation is Y equals 6.145 plus 0.718 times X. The constant value of 6.145 indicates that if the accounting information system score were zero, MSME financial reporting quality would be expected to sit at a score of 6.145. The regression coefficient of 0.718 for variable X indicates that each one-unit increase in the accounting information system score is associated with a 0.718-unit increase in the financial reporting quality score, assuming other factors remain constant. The standardized beta coefficient of 0.634 indicates a relationship of considerable strength between the two variables.

The coefficient of determination, R squared, is 0.402, meaning the accounting information system variable explains about 40.2% of the variance in MSME financial reporting quality, while the remaining 59.8% is explained by factors outside the model, such as human resource competence and financial literacy. This R-squared value is considered moderate for a study with a single independent variable in the social sciences, and indicates that although the accounting information system is an important factor, considerable room remains for other factors to be considered when explaining variation in MSME reporting quality.

Based on the table above, the significance value for the accounting information system variable, 0.000, is smaller than 0.05, and the calculated t-value, 8.067, exceeds the t-table value, so H_1 is accepted: the accounting information system has a positive and significant effect on MSME financial reporting quality. This pattern of results is consistent with the direction of findings reported by Miswaty et al. (2025), Herman et al. (2025), and Febriansyah and Kamisa (2023), who likewise found a positive effect of accounting information systems on MSME financial reporting quality.

4.6 Discussion

Conceptually, the relationship between an accounting information system and financial reporting quality can be explained through the process of information handling. Transaction data recorded through the system are processed systematically, producing financial reports that are more consistent, relevant, reliable, understandable, and timely. These characteristics are the primary indicators used to assess reporting quality, as discussed in the literature review. This finding reinforces the argument that, even at the micro and small business level, the presence of a structured information system can produce a tangible impact on the quality of information output, not only among large corporations, which have traditionally been the main focus of accounting information systems research.

The finding in this section aligns with the view that adopting an accounting information system helps MSMEs minimize recording errors and speed up report preparation (Fitriani, & Hwihanus, 2023; Mustamin, Syam, Sriningsih, & Arreski, 2025). The regression coefficient of 0.718 obtained in this study also falls within a range comparable to the findings of Miswaty, Hidayah, and Yudaruddin (2025) in Herman, Usman, and Badu (2025) in Gorontalo, both of which likewise show a positive effect of accounting information systems with a relationship of considerable strength. The consistency in the direction and strength of this relationship across different regional contexts strengthens the generalization that the accounting information system is an important determinant of MSME financial reporting quality, regardless of differences in geographic characteristics or business sector.

Looking at the indicators forming the accounting information system variable, ease of use and speed of data processing appear to be the aspects whose benefits are most strongly felt by MSME owners, given that most respondents in this study use a digital cashier or bookkeeping application that is generally designed with a simple interface and fast data input process. This is consistent with the basic principle of the Technology Acceptance Model, in which perceived ease of use is one of the main determinants of continued use of an information system. In contrast, the data security indicator is likely an aspect less well understood by some respondents, given that many MSME owners are not yet deeply familiar with the concept of cybersecurity, suggesting this aspect deserves greater attention in future MSME digitalization assistance programs.

Nevertheless, because MSME owners vary widely in their level of digital literacy, the effectiveness of accounting information system adoption in improving reporting quality is likely uneven across business segments, meaning that human resource competence and mentorship remain relevant considerations for future research, consistent with the findings of Ayem and Adestia (2024) and Bakari, Noholo, and Bokiu (2024). This is also reflected in the R squared value of 40.2 percent obtained in this study, which indicates that a substantial portion of the variation in financial reporting quality remains unexplained by the accounting information system alone. Respondents who still use Excel or semi-digital recording, for example, likely require a higher level of basic accounting understanding compared with users of digital cashier applications, which generally provide automated report templates.

These findings also carry fairly broad practical implications. For MSME owners, the results reaffirm the importance of consistently using an accounting information system, not merely as a tool for daily transaction recording but as a strategic instrument for producing financial reports that can be relied upon for business decision-making and financing applications. For financial institutions and banks, these findings may serve as a consideration in designing financing schemes that take accounting information system use into account as an indicator of business eligibility, given that MSME owners who have adopted such a system tend to produce financial reports of better quality that are easier to verify.

For local governments and MSME support institutions, these findings provide an empirical basis for designing more targeted accounting digitalization training and mentorship programs, for instance by prioritizing training for MSME owners who still rely on manual or semi-digital recording. Such a program has the potential to deliver a dual impact, improving MSME financial reporting quality while also expanding business owners' access to formal financing sources, which in turn can help drive broader regional economic growth.

5. Conclusions

5.1 Conclusion

This study set out to analyze the effect of the accounting information system on the quality of MSME financial reports in Makassar City. Drawing on theory, prior research, and testing of primary data collected from 100 MSME owners, the results show that the accounting information system has a positive and significant effect on financial reporting quality, with a regression coefficient of 0.718 and a significance value of 0.000. Effective implementation of the system is believed to support the process of recording, processing, and presenting financial information more accurately, relevantly, reliably, and in a timely manner. Accordingly, the better the implementation of the accounting information system, the better the resulting quality of MSME financial reports tends to be.

This result strengthens the empirical evidence from earlier studies conducted in different regional contexts, while also confirming that the relationship between accounting information systems and financial reporting quality is relatively consistent even though Indonesian MSMEs are highly diverse in character. The coefficient of determination of 40.2 percent also shows that the accounting information system is one important determinant, although not the sole factor influencing MSME financial reporting quality.

5.2 Research Limitations

This study has several limitations. It examines only a single independent variable, the accounting information system, and therefore does not account for other factors that potentially influence financial reporting quality, such as human resource competence, financial literacy, and internal control systems. The study also uses a cross-sectional design that captures conditions during a single period only, and therefore cannot describe changes in MSME financial reporting quality over time as accounting information system adoption matures. In addition, the object of study is limited to MSMEs in Makassar City, which restricts the generalizability of the findings to other regions with different economic, social, and digital literacy characteristics.

The purposive sampling technique used, although appropriate given the study's objective, has limitations regarding representativeness of the broader MSME population in Makassar City, including MSMEs that have not yet used any accounting information system at all. The findings of this study are therefore more accurately interpreted as describing the condition of MSMEs that have adopted an accounting information system, rather than as representative of the entire MSME population in Makassar City in general.

5.3 Suggestions and Directions for Future Study

Future research is encouraged to consider adding other variables, such as human resource competence, financial literacy, and internal control systems, to obtain a more comprehensive understanding of the factors that influence MSME financial reporting quality. Future studies could also consider a longitudinal design to observe changes in MSME financial reporting quality alongside the increasing duration of accounting information system use, as well as expanding the scope of the research area beyond Makassar City so that the findings can be generalized more broadly.

For MSME owners, adopting a digital-based accounting information system can serve as one way to improve the quality of financial recording and reporting, producing information that is more accurate and better able to support business decision-making. For MSME support institutions and local governments, the findings of this study can serve as a basis for designing more targeted digital accounting literacy programs, particularly for MSME owners who still rely on manual or semi-digital recording, in order to accelerate a more even digital transformation across the MSME sector.

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Author Contributions

IS contributed to conceptualization, methodology, data collection, formal analysis, writing of the original draft. WOR contributed to supervision, validation, review and editing of the manuscript.

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