THE IMPACT OF ACCOUNTING DIGITIZATION AND FINANCIAL LITERACY ON THE PERFORMANCE OF MSMES IN PEMATANGSIANTAR CITY

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ABSTRACT

This study examines the influence of accounting digitalization and financial literacy on the performance of MSMEs in Pematangsiantar City. MSMEs are an important sector in the local economy, but they face challenges in increasing competitiveness, especially related to financial management and technology adoption. Digitization of accounting can improve the efficiency and accuracy of financial data, while financial literacy helps MSME owners make wiser financial decisions. Using quantitative methods and multiple linear regression analysis, the results show that accounting digitization and financial literacy have a significant positive influence on the performance of MSMEs, both partially and simultaneously. A determination coefficient of 0.411 indicates that these two variables explain 41,1% of the variation in MSME performance. These findings support the importance of increasing digital capacity and financial literacy for MSMEs in strengthening competitiveness and sustainability.
Keywords: Accounting Digitalization, Financial Literacy, MSME Performance

ABSTRAK

Penelitian ini mengkaji pengaruh digitalisasi akuntansi dan literasi keuangan terhadap kinerja UMKM di Kota Pematangsiantar. UMKM merupakan sektor penting dalam perekonomian lokal, namun mereka menghadapi tantangan dalam meningkatkan daya saing, terutama terkait pengelolaan keuangan dan adopsi teknologi. Digitalisasi akuntansi dapat meningkatkan efisiensi dan akurasi data keuangan, sementara literasi keuangan membantu pemilik UMKM dalam pengambilan keputusan keuangan yang lebih bijaksana. Dengan menggunakan metode kuantitatif dan analisis regresi linear berganda, hasil penelitian menunjukkan bahwa digitalisasi akuntansi dan literasi keuangan memiliki pengaruh positif signifikan terhadap kinerja UMKM, baik secara parsial maupun simultan. Koefisien determinasi sebesar 0,411 mengindikasikan bahwa kedua variabel ini menjelaskan 41,1% variasi kinerja UMKM. Temuan ini mendukung pentingnya peningkatan kapasitas digital dan literasi keuangan bagi UMKM dalam memperkuat daya saing dan keberlanjutan bisnis. Penelitian ini juga merekomendasikan agar pemerintah daerah memfasilitasi pelatihan terkait bagi pelaku UMKM untuk mengoptimalkan pengelolaan bisnis mereka di era digital.
Kata kunci: Digitalisasi Akuntansi, Literasi Keuangan, Kinerja UMKM

I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the Indonesian economy, including in the city of Pematangsiantar. The contribution of MSMEs can not only be seen from the number of jobs produced, but also from the improvement of community welfare and its support for the national Gross Domestic Product (GDP). According to data from the Ministry of Cooperatives and SMEs (2022), the MSME sector contributes more than 60% to GDP and around 97% of the total

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workforce in Indonesia. In the city of Pematangsiantar itself, MSMEs are the main focus of the local economy, but the sector faces significant challenges in improving its competitiveness and efficiency, especially related to financial management and technology adoption.

In recent years, technological advances have opened up new opportunities for MSMEs to adopt digital systems in business management, including accounting digitalization. Digitization of accounting allows MSMEs to record, manage, and analyze financial data more efficiently (Hanafiah, 2022). According to (Robinson, 2020), the digitization of accounting not only helps speed up the financial administration process, but also improves the accuracy of record-keeping, which ultimately supports more effective decision-making. However, the phenomenon that occurred in Pematangsiantar City shows that most MSMEs still rely on manual recording which is prone to errors and takes time. Based on observations in the field, the low rate of technology adoption is caused by a lack of knowledge and limited financial and technical resources for MSME actors.

In addition to accounting digitalization, financial literacy is also an important element in the development of MSMEs. Financial literacy, which includes the ability to understand financial statements, manage cash flow, and plan and manage capital, is indispensable so that MSME actors can make the right financial decisions. According to (Huston, 2010) explained that financial literacy is the ability to understand basic financial concepts and apply them in daily life to make the right financial decisions. In Pematangsiantar City, financial literacy among MSME actors tends to be low, which has a negative impact on MSME performance, especially in terms of capital management efficiency, cost control, and long-term investment planning.

Previous research on the impact of digitalization and financial literacy on MSME performance has mostly focused on MSMEs in big cities such as Jakarta and Surabaya, which have better access to technology infrastructure and financial education (Setiawan, 2021); (Gunawan, 2022). According to (Setiawan, 2021), in his study on the influence of digitalization on MSMEs in metropolitan cities, it was found that digitalization contributes significantly to improving the efficiency and accuracy of financial statements. However, very few studies specifically examine the role of accounting digitalization and financial literacy on the performance of MSMEs in small and medium-sized cities such as Pematangsiantar. In addition, several existing studies often examine the impact of digitalization and financial literacy separately, so it has not answered how the combined influence of these two factors on improving the overall performance of MSMEs.

(Adelina, 2023) highlights the need for research that combines these two variables to understand how the synergy between accounting digitalization and financial literacy can increase the competitiveness of MSMEs, especially in regions with limited access and understanding of technology. This research gap shows that further studies are still needed on the impact of the combination of accounting digitalization and financial literacy on the performance of MSMEs in regions with different socio-economic characteristics from big cities. By considering the context and special conditions of MSMEs in Pematangsiantar, this research is expected to provide new insights into the factors that affect the performance of MSMEs in facing the challenges of the digital era.

In Pematangsiantar City, many MSME actors still do not understand the importance of effective and efficient financial management. According to data from the Pematangsiantar City Cooperatives and MSMEs Office (2023), around 65% of MSMEs in this city still do not use digital technology in their financial records. Most of them rely on traditional record-keeping methods that are not only time-consuming but also prone to record-keeping errors. The lack of understanding of accounting digitization and low financial literacy have caused many MSMEs to have difficulty maintaining smooth cash flow and accurately monitoring their financial performance. This phenomenon shows the need to increase digital capacity and financial literacy for MSME actors so that they are able to adapt and survive in increasingly fierce competition.

Thus, this study aims to fill the existing research gap by examining the impact of accounting digitalization and financial literacy simultaneously on the performance of MSMEs in Pematangsiantar City. The results of this research are expected to be the basis for recommendations for local governments and related institutions to develop training and mentoring programs that can improve the digital skills

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and financial literacy of MSME actors. This is important so that MSMEs in Pematangsiantar are able to improve their business performance in a sustainable manner and contribute more optimally to regional economic growth.

II. THEORETICAL STUDIES

MSMEs and MSME Performance

Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars of the economy in Indonesia, especially in areas where economic growth depends on local business activities. According to the Ministry of Cooperatives and SMEs (2022), MSMEs account for around 60% of Indonesia's Gross Domestic Product (GDP) and employ more than 97% of the national workforce. In the context of MSME performance, previous research identified that aspects of MSME performance can be measured through several indicators, namely: (1) increased sales, (2) operational efficiency, (3) cash flow management, and (4) the ability to achieve growth targets (Wijayanti, 2021). Good performance allows MSMEs to compete effectively in the market and adapt to changes that occur in the business environment.

In general, MSME performance can be understood as the extent to which a small or micro business can achieve its operational and financial goals within a certain period of time. In this case, the performance of MSMEs is not only seen from the size of the company or its sales volume, but also from operational efficiency and the ability to adapt to market changes. Theories that are widely used in research related to MSME performance are Organizational Performance Theory and Perspective-Based Resource Theory (RBV).

Organizational Performance Theory

This theory explains that the performance of an organization, including MSMEs, is measured through various interconnected aspects, such as operational efficiency, growth, and goal achievement. According to (Richard et al., 2009), organizational performance can be measured through two main dimensions: (1) efficiency which includes the optimal use of resources to achieve output, and (2) effectiveness which includes the achievement of predetermined goals. In the context of MSMEs, good performance can be seen from increased sales, cash flow management, and the achievement of growth targets.

Resource-Based View (RBV) Theory

This theory states that the performance of organizations, including MSMEs, is influenced by their ability to utilize existing resources efficiently and effectively. These resources can be physical, financial, or human resources, including technology and information (Barney, 1991). In the context of MSMEs, digital technology, financial access, and managerial skills are key factors in determining success. In a recent study by (Hernandez, 2023), they showed that MSMEs that can make good use of resources such as technology and managerial knowledge have higher performance, especially in facing global economic challenges.

In the context of MSME performance, previous research has identified several key indicators to measure business success. (Wijayanti, 2021) revealed that the performance of MSMEs can be measured through several aspects, such as: Increased Sales, Operational Efficiency, Cash Flow Management, Ability to Achieve Growth Targets. Good performance allows MSMEs to compete effectively in the market and adapt to changes that occur in the business environment. Therefore, research that focuses on factors that affect the performance of MSMEs, such as technology, managerial, and financial literacy, is very important to improve the competitiveness of MSMEs in Indonesia.

Accounting Digitalization

Accounting digitalization is the application of information technology in accounting systems to facilitate digital recording, reporting, and analysis of financial data. Digitization of accounting allows for increased operational efficiency and data accuracy, so that MSMEs can optimize financial management (Robinson, 2020). Accounting digitization includes several main indicators, namely: (1) the use of accounting software, (2) cloud-based financial recording, (3) financial report automation, and (4) real-time access to financial data (Susanti, 2019).

In the context of MSMEs, accounting digitization is believed to be able to speed up the recording process, reduce manual errors, and provide a clearer financial picture for business owners. However, although the benefits of digitalization have been widely disclosed, its application to MSMEs in small cities such as Pematangsiantar is still low. (Dewi, 2022)found that the barriers to digitalization adoption in MSMEs in small cities are influenced by limited technical knowledge and lack of access to technology training. This shows the need for further research that specifically looks at the influence of accounting digitalization in small and medium-sized cities.

Financial Literacy

Financial literacy is the ability of an individual or business owner to understand, manage, and make wise financial decisions. Financial literacy in MSME actors plays an important role in helping them manage funds, plan investments, and manage cash flow so that they can face financial challenges properly. Financial literacy is not only related to a basic understanding of finance, but also includes the ability to apply financial knowledge in decision-making (Huston, 2010). Commonly used financial literacy indicators include: (1) basic accounting understanding, (2) budget management, (3) long-term financial planning skills, and (4) the ability to measure financial risks (Firmansyah, 2021).

In Pematangsiantar City, financial literacy among MSMEs is still relatively low. According to research(J. , & H. T. Prasetyo, 2023), most MSME actors in this city have difficulty understanding basic financial concepts and applying them in their daily businesses. This low financial literacy can have a negative impact on business performance, especially in managing cash flow, reducing operational costs, and increasing efficiency. Therefore, good financial literacy is needed so that MSMEs can utilize accounting technology optimally and improve their performance.

The Effect of Digitalization of Accounting on the Performance of MSMEs

Digitization of accounting allows MSMEs to manage financial data more efficiently and accurately, which in turn increases the ability of MSMEs to improve MSME performance (Kurniawan, 2024). Digitalization can provide better access to MSMEs in utilizing data to design innovative products that are more in line with market needs (Santosa, 2023).

The Effect of Financial Literacy on the Performance of MSMEs

Recent research shows that low financial literacy among MSME owners is one of the obstacles to effective and efficient financial management (T. , & K. D. Prasetyo, 2023). Although many studies have linked financial literacy to the ability to manage personal finances, there are still few that examine its impact on the performance of MSMEs (Suryadi, 2024). Several studies show that MSME owners with higher levels of financial literacy tend to be more successful in managing cash flow, budget planning, and strategic decision-making which have a direct impact on the growth and profitability of MSMEs (Hidayat, 2023). This study needs to explore more deeply the influence of financial literacy on the operational effectiveness and long-term success of MSMEs in Indonesia (Bastoni, 2022).

The Effect of Digitalization of Accounting and Financial Literacy on the Performance of MSMEs

Digitalization of accounting and financial literacy have a close relationship with the performance of MSMEs, as they both affect the effectiveness of financial management and decision-making. Accounting digitalization accompanied by good financial literacy allows MSMEs to use financial information optimally in planning and controlling costs. (Gunawan, 2022)found that the combination of digitalization and financial literacy improves the quality of business decisions, especially in terms of risk management and long-term investment. Research (Firmansyah, 2021) also shows that financial literacy plays an important role as a mediator between accounting digitization and MSME performance. The results of this study show that a good financial understanding allows MSME owners to more effectively utilize the results of digitalization, such as the use of accounting software, to optimize their business operations. However, despite the abundance of related research, the majority of studies still focus on the effects of each variable separately, and few explore the combined impact of digitalization of accounting and financial literacy on MSMEs in small and medium-sized cities.

Conceptual Framework

Based on the literature review above, accounting digitization and financial literacy can be seen as significant factors in influencing the performance of MSMEs. The application of accounting

digitization helps MSMEs in improving operational efficiency through the use of technology that supports the automation of accounting processes and financial reporting. Meanwhile, financial literacy supports business owners to understand financial information and apply it in strategic decision-making. Thus, the synergy between accounting digitalization and financial literacy is expected to improve the performance of MSMEs through increased efficiency, better financial management, and more informational decision-making.
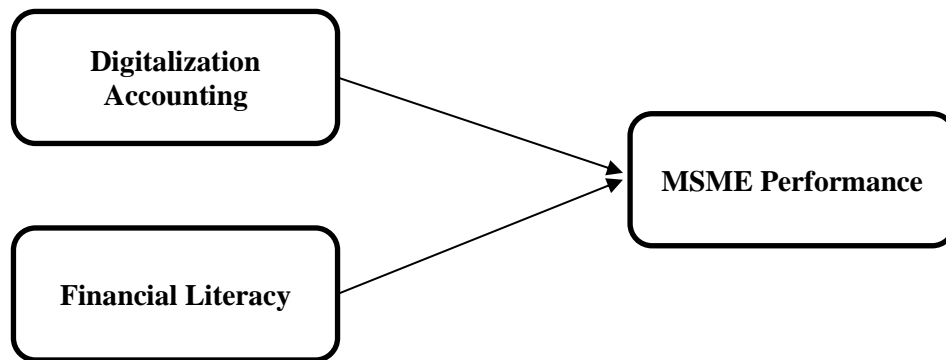

Figure 1. Framework of Though

Hypothesis Framework:

H1: Digitalization of accounting has a positive effect on the performance of MSMEs in Pematangsiantar City.

H2: Financial literacy has a positive effect on the performance of MSMEs in Pematangsiantar City.

H3: Digitalization of accounting and financial literacy simultaneously have a positive effect on the performance of MSMEs in Pematangsiantar City

III. RESEARCH METHODS

Research Design

This study uses a quantitative design with a survey approach to analyze the influence of accounting digitization and financial literacy on the performance of MSMEs in Pematangsiantar City. The quantitative design was chosen because the purpose of this study is to measure the extent to which two independent variables, namely accounting digitization and financial literacy, contribute to the dependent variable, namely the performance of MSMEs, in the form of numerical data that can be processed statistically.

Population and Sample

The population in this study is MSMEs in Pematangsiantar City in 2022. Based on data from the Pematangsiantar City Cooperatives and SMEs Office, the MSME population is 22,515 MSMEs. Samples are taken using the purposive sampling technique, namely by setting certain criteria to obtain samples that are relevant to the research objectives. The sample criteria in this study are: MSMEs that have been established for at least two years MSMEs that have a financial recording system MSME owners or managers who have a basic understanding of financial literacy Based on these criteria, a sample of 150 MSMEs that meet the requirements to take part in this survey was taken. The determination of the number of samples is based on the Slovin approach with a margin of error of 5%.

Data Collection Techniques

The data in this study was collected through a questionnaire distributed to MSME owners or managers in Pematangsiantar City. The questionnaire used consisted of three parts, namely: (1) respondents' demographic data, (2) questions about accounting digitization, (3) questions about financial literacy, and (4) questions about the performance of MSMEs. The questions in the questionnaire used a

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Likert scale of 1-5 to measure the level of implementation of accounting digitization, financial literacy, and MSME performance from the respondent's perspective.

Operational Definitions and Variable Indicators

To measure the variables in this study, here are the operational definitions and indicators of each variable:

a. Accounting Digitalization (X^1)

Accounting digitalization is defined as the use of accounting technology and software in the process of recording, reporting, and managing business finances. Accounting digitization aims to improve efficiency and accuracy in the management of financial data. Indicators of accounting digitization include the use of accounting software, cloud-based financial records, financial report automation, and access to financial data in real-time.

b. Financial Literacy (X^2)

Financial literacy is defined as the ability of MSME owners or managers to understand and manage their business finances properly. This understanding includes basic knowledge of financial management, financial planning, and financial-oriented decision-making. Financial literacy indicators include basic accounting understanding, budget management, long-term financial planning, the ability to measure financial risk.

c. MSME Performance (Y)

MSME performance is defined as the level of achievement of MSMEs in achieving their business goals, including revenue growth, increased efficiency, and the ability to survive in the midst of competition. Indicators to measure the performance of MSMEs include increased sales, operational efficiency, cash flow management, and achievement of growth targets.

Data Analysis Techniques

The data that has been collected will be analyzed using statistical methods with the help of SPSS version 25 software used as a hypothesis testing tool. The data analysis steps that will be used are as follows: Validity and Reliability Test: The validity test is carried out to ensure that the instrument used can measure variables accurately, while the reliability test is carried out to assess the consistency of the instrument in measuring the same variable. Multiple Linear Regression Analysis: Used to determine the influence of independent variables (digitization of accounting and financial literacy) on dependent variables (MSME performance). T-test (partial): To test the significance of the influence of each independent variable individually on the dependent variable. Test F (simultaneous): To test the significance of the influence of accounting digitalization and financial literacy together on the performance of MSMEs.

IV. RESULTS AND DISCUSSION

Results

Validity and reliability tests were carried out to ensure that the instruments used in this study were precise and consistent in measuring the variables studied. Based on the results of the analysis in SPSS 25:

Validity Test

Table 1. Validity Test Results

Item	r count	r tabel	Description
X1.1	.336	.1603	Valid
X1.2	.465	.1603	Valid
X1.3	.540	.1603	Valid
X1.4	.286	.1603	Valid
X2.1	.439	.1603	Valid
X2.2	.595	.1603	Valid
X2.3	.522	.1603	Valid
X2.4	.465	.1603	Valid

Y1.1	.655	.1603	Valid
Y1.2	.752	.1603	Valid
Y1.3	.762	.1603	Valid
Y1.4	.811	.1603	Valid

Source: Primary data processed, 2024

All question items on the variables of accounting digitization, financial literacy, and MSME performance had a correlation value above 0.1603 according to r tables, which indicates that this instrument is valid. All question items on the variables of accounting digitization, financial literacy, and MSME performance had a correlation value above 0.1603 according to r tables, which indicates that this instrument is valid.

Reliability Test

Table 2 Reliability Test Results

Reliability Statistics	
Cronbach's Alpha	N of Items
.879	12

Source: Primary data processed, 2024

The reliability results showed that the value of Cronbach's Alpha for all three variables was more than 0.70. This value indicates that the instrument used is reliable and consistent.

Multiple Linear Regression Analysis

Multiple linear regression analysis was carried out to determine the influence of accounting digitalization (X^1) and financial literacy (X^2) on the performance of MSMEs (Y). The output results of SPSS 25 provide the regression equation as follows:

$$Y = 5.716 + 0.217X_1 + 0.383X_2 + e$$

Based on this equation: The Constant Coefficient (a) is 5.716, which means that if there is no digitalization of accounting and financial literacy, then the performance of MSMEs will have a base value of 5.716. The Accounting Digitalization Coefficient (X1) is 0.217, which shows that every 1 unit increase in accounting digitization will increase the performance of MSMEs by 0.217 units, assuming fixed financial literacy. The Financial Literacy Coefficient (X2) is 0.383, which means that every 1 unit increase in financial literacy will increase the performance of MSMEs by 0.383 units, assuming fixed accounting digitization.

Partial Significance Test (t-Test)

From the results of the t-test in SPSS 25 are:

Table 3. T-Test Results

Coefficients[a]					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	5.716	.815		7.017	.000
Digitalization of Accounting	.217	.097	.236	2.251	.026
Financial Literacy	.383	.092	.437	4.163	.000
a. Dependent Variable: MSME Performance					

Source: Primary data processed, 2024

Accounting Digitalization (X^1): Has a significance value of 0.026 ($p < 0.05$), so it has a significant effect on the performance of MSMEs. Financial Literacy (X^2): Has a significance value of 0.000 ($p < 0.05$), indicating that financial literacy also has a significant effect on the performance of MSMEs.

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Simultaneous Significance Test (Test F)
From the results of the F-test in SPSS 25 are:

Table 4. F-Test Results

ANOVAᵃ						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	182.136	2	91.068	51.382	.000ᵇ
	Residual	260.537	147	1.772		
	Total	442.673	149			
a. Dependent Variable: MSME Performance						
b. Predictors: (Constant), Financial Literacy, Accounting Digitalization						

Source: Primary data processed, 2024

The results of the F test showed a significance value of 0.000 (p < 0.05), which means that the variables of accounting digitization and financial literacy simultaneously have a significant influence on the performance of MSMEs in Pematangsiantar City.

Coefficient of Determination (R²)

Table 5. Koefisien determinasi (R²) Results

Model Summaryᵇ				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.641ᵃ	.411	.403	1.33130
a. Predictors: (Constant), Financial Literacy, Accounting Digitalization				
b. Dependent Variable: MSME Performance				

Source: Primary data processed, 2024

The resulting coefficient of determination (R²) is 0.411 or 41.1%. This means that 41.1% of the variation in MSME performance can be explained by accounting digitization and financial literacy, while the remaining 58.9% is influenced by other variables that are not discussed in this study.

DISCUSSION
The Influence of Accounting Digitalization on MSME Performance

The results of the study show that accounting digitization has a significant positive effect on the performance of MSMEs in Pematangsiantar City. These findings support research conducted by(Robinson, 2020), which states that digitization of accounting can improve operational efficiency and accuracy of financial data, thereby supporting more informed decision-making. The use of accounting technology by MSMEs in Pematangsiantar has proven to be helpful in reducing recording time and minimizing errors in financial statements, thus having a positive impact on improving their performance. In this study, MSME owners stated that accounting digitization, such as the use of cloud-based financial software, helps them to obtain financial data in real-time. This makes it easier for them to monitor cash flow and evaluate the financial condition of the business. (Susanti, 2019)also found that accounting digitization reduces operational costs and improves the accuracy of financial reporting for MSMEs, which further supports overall business performance.

The Effect of Financial Literacy on MSME Performance

This study also shows that financial literacy has a significant positive effect on the performance of MSMEs. These findings support a study conducted by (Firmansyah, 2021), which found that financial literacy has a major impact on MSME financial decision-making. A good understanding of financial literacy helps business owners in Pematangsiantar to manage their budgets better, plan their capital needs, and reduce the risks they may face in their daily operations.

Good financial literacy allows MSME owners to make careful long-term planning, especially in the face of market fluctuations that can affect business sustainability. (Huston, 2010)also mentioned that financial literacy plays a key role in helping individuals and businesses to achieve financial stability through wiser decision-making. In the context of this research, financial literacy provides a deep

understanding for MSME actors to allocate funds more effectively and improve their business efficiency.

The Simultaneous Effect of Accounting Digitalization and Financial Literacy on MSME Performance

Simultaneously, digitalization of accounting and financial literacy have been proven to have a significant effect on the performance of MSMEs, which is shown by the results of the F test. These findings are in accordance with research conducted by (Gunawan, 2022), which shows that financial literacy mediates the relationship between accounting digitization and business performance.

With the digitization of accounting, MSMEs can manage their finances in a more structured manner, while financial literacy allows MSME owners to understand and utilize these financial data in decision-making. (Adelina, 2023)also stated that the synergy between accounting digitalization and financial literacy is an effective strategy to increase the efficiency and competitiveness of MSMEs. In the context of Pematangsiantar, MSMEs that implement accounting digitalization and have good financial literacy show higher abilities in maintaining cash flow stability and increasing sales.

Interpretation of the Determination Coefficient (R^2)

The determination coefficient of 0.411 indicates that the digitalization of accounting and financial literacy together explain 41.1% of the variation in MSME performance. These results show that these two variables have a significant role in determining the performance of MSMEs in Pematangsiantar City. However, there are 58.9% of other factors that are not discussed in this study but can affect the performance of MSMEs, such as marketing strategies, product innovation, and support from local governments. (Wijayanti, 2021)also emphasized the importance of other external factors, such as access to capital and business networks, in improving the performance of MSMEs.

Implications and Recommendations

The results of this study show that the digitization of accounting and financial literacy makes a significant contribution to improving the performance of MSMEs in Pematangsiantar City. Therefore, it is recommended that local governments and related agencies increase access to training for MSMEs in terms of accounting technology and financial literacy. This can be done through the implementation of regular training and the provision of accounting software assistance that can be accessed by MSMEs. By utilizing the results of this study, it is hoped that MSMEs in Pematangsiantar can improve their efficiency and competitiveness in the midst of increasingly fierce competition. In addition, this study contributes to the existing literature by confirming that the synergy between accounting digitalization and financial literacy has a positive impact on the performance of MSMEs in small and medium cities. It is hoped that this study can be a reference for further studies that consider other external factors that affect the performance of MSMEs, so that it can provide a more comprehensive understanding.

V. CONCLUSION

This study concludes that the digitization of accounting and financial literacy has a significant positive influence on the performance of MSMEs in Pematangsiantar City. Digitalization of accounting improves operational efficiency and accuracy of financial data, as well as supports information-based decision-making. Meanwhile, financial literacy helps MSME owners manage their budgets, plan capital needs, and reduce financial risks. The combination of the two creates greater synergy in improving the performance of MSMEs. The results show that the digitization of accounting and financial literacy explains 41.1% of the variation in MSME performance, with an important contribution in supporting growth and competitiveness. Other factors such as marketing strategies and product innovation can also affect the performance of MSMEs and need to be considered in future research.

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