

# Analysis of Accounting Understanding and Financial Literacy on the Sustainability of MSME Businesses

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**Abstract**—This study aims to analyze the influence of EMKM accounting understanding and financial literacy on the sustainability of MSME businesses in Jombang Regency. MSMEs play a vital role in regional economic development; however, their sustainability is often constrained by weak financial management and limited accounting practices. This research adopts a quantitative associative approach using primary data collected through questionnaires distributed to 100 MSME actors in the agribusiness sector who have operated for at least two years. The data were analyzed using multiple linear regression, supported by validity, reliability, and classical assumption tests. The results indicate that EMKM accounting understanding has a positive and significant effect on MSME business sustainability, with a t-statistic value of 3.709 and a significance level of 0.000. Similarly, financial literacy shows a stronger positive and significant effect, with a t-statistic of 6.244 and a significance value of 0.000. The Adjusted R Square value of 0.874 demonstrates that both independent variables simultaneously explain 87.4% of the variation in MSME business sustainability. These findings confirm that improving accounting understanding and financial literacy is essential for enhancing MSME sustainability, with financial literacy playing a more dominant role. This study provides empirical evidence to support MSME development policies focused on strengthening financial capability and accounting competence.

**Keywords:** EMKM Accounting Understanding; Financial Literacy; MSME Business Sustainability; MSMEs; Jombang Regency

## 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the economy, both nationally and internationally. In various countries, MSMEs have proven capable of absorbing large numbers of workers, driving economic growth, and maintaining economic stability amidst global uncertainty. Furthermore, MSMEs contribute to job creation, income equality, poverty reduction, and driving inclusive and sustainable economic growth. Therefore, both developed and developing countries, including Indonesia, consider MSMEs a key pillar of the national economy due to their ability to withstand crises and economic changes.

In Indonesia, the contribution of MSMEs to the national economy is significant. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, in 2021, the number of MSMEs reached 64.2 million, contributing 61.07% to Gross Domestic Product (GDP), equivalent to IDR 8,573.89 trillion. Furthermore, MSMEs employ approximately 97% of the national workforce and contribute 60.4% to total national investment (Saidi, 2025). Despite this significant contribution, the growth and sustainability of MSMEs have not been fully supported by adequate business management capabilities, particularly in financial management and questionnaire items. Low levels of financial literacy among MSME owners remain a major obstacle that limits business development and long-term sustainability (Cahyawati, 2023).

In an increasingly competitive and dynamic business environment, MSMEs face more complex challenges that require effective financial management and sound decision-making to ensure long-term business sustainability. Business sustainability is not solely determined by operational resilience, but also by managerial competence and sound financial management. In practice, many MSMEs do not implement systematic financial record-keeping, and some do not maintain financial records at all. As a result, the financial information produced tends to be inaccurate and unreliable as a basis for decision-making, which ultimately undermines business sustainability.

To improve the quality of financial management among MSMEs, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) introduced the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). This standard was developed as a simplified accounting framework tailored to the characteristics and needs of MSMEs. The implementation of SAK EMKM is expected to assist MSMEs in preparing more structured, transparent, and reliable financial statements. Proper financial reporting enables business owners to evaluate business performance, manage cash flows, and make informed decisions that support business sustainability (Pratiwi, 2025).

An understanding of accounting based on SAK EMKM is closely related to the level of financial literacy of MSMEs. Financial literacy reflects the ability of business actors to understand, manage, and use financial information effectively. MSMEs with good financial literacy tend to be more disciplined in managing their finances, capable of financial planning, and more cautious in making business decisions. Thus, an understanding of accounting and financial literacy complement each other and have the potential to positively impact the long-term sustainability of MSME businesses. The sustainability challenges faced by MSMEs in Jombang Regency are generally similar to those encountered in other regions of Indonesia. MSMEs in Jombang Regency serve as the backbone of the local economy due to their role in absorbing labor and increasing community income. These enterprises operate in various sectors, including

trade, culinary businesses, handicrafts, and home industries, most of which are managed as small-scale, family-owned businesses. Although the number of MSMEs in Jombang Regency continues to increase, business sustainability remains a critical issue, particularly in relation to financial management and accounting practices.

A common phenomenon in Jombang Regency is the low awareness among MSMEs of the importance of preparing financial reports in accordance with the Indonesian Financial Accounting Standards (SAK) for MSMEs. Many business owners still mix personal and business finances, do not maintain regular financial records, and do not utilize financial reports as a basis for business decision-making. This situation makes it difficult for MSMEs to assess business performance, manage cash flow, and obtain financing from formal financial institutions. Financial behavior is defined as any human action related to money management. Financial behavior generally includes the use of cash, credit, and savings (Xiao, 2008).

The better MSMEs understand MSME accounting, the greater the opportunity for their businesses to be managed more efficiently, transparently, and sustainably. Lack of understanding of accounting can hinder effective business management, making it crucial for MSMEs. Furthermore, financial literacy plays a significant role in helping business owners manage their finances and make informed business decisions (Wulandari, 2024). (Hafsah, 2023) in (Riwayanda, 2024) stated that accounting knowledge plays a crucial role in driving economic growth and enhancing business owners' ability to manage and restore their businesses' financial condition in a more structured manner.

Previous research suggests that there are still gaps in the research that require further investigation. (Zulfikar, 2022) only highlighted the low level of implementation of SAK EMKM without linking it to business sustainability. (Purniawati, 2024) and (Papulasih, 2024) emphasized financial literacy, financial access, and financial technology without linking them to understanding EMKM accounting. (Wardani, 2025) examined financial literacy and management in specific SMEs without examining the impact of accounting standards on business sustainability, while (Nurjannah, 2023) emphasized managerial aspects and risk mitigation without specifically examining the implementation of SAK EMKM. This research draws on the study by (Ni Komang Trisnadewi, 2023), which states that accounting understanding and financial literacy have a positive effect on the sustainability of MSME businesses. Furthermore, (Kusuma, 2021) also demonstrated that financial literacy plays a crucial role in improving MSME performance and sustainability, although they did not simultaneously examine MSME accounting understanding (Hidayat, 2023). Supported by the going concern theory, it is a basic assumption in accounting which states that a business entity is assumed to continue carrying out its operational activities in the future without any plans or need to carry out liquidation or significant business termination (Purbowati and Utomo, 2016)

Based on the limitations of previous research, this study was developed to simultaneously analyze the influence of MSME accounting understanding and financial literacy on the sustainability of MSME businesses in Jombang Regency. This research is expected to provide an empirical contribution to strengthening MSME sustainability, serve as a consideration in formulating MSME development policies, and support sustainable regional economic development.

## 2. RESEARCH METHODS

This study uses a quantitative approach with a positivistic paradigm, aiming to empirically, objectively, and systematically test the relationships and influences between variables (Sugiyono, 2019). The research design employed is associative research, focusing on analyzing the relationships between independent and dependent variables. This study examines the influence of accounting understanding and financial literacy among Micro, Small, and Medium Enterprises (MSMEs) on the sustainability of MSMEs in Jombang Regency.

The population in this study was all Micro, Small, and Medium Enterprises (MSMEs) registered with the Jombang Regency Cooperative and MSME Office in 2024, totaling 46,534 MSMEs. The sample size was determined using the Slovin formula with a 10 percent margin of error, as follows:

$$n = \frac{N}{1 + N(e^2)} \tag{1}$$

Description:

n = Number of samples sought

N = Population Size

e = Margin of error (error rate)

Calculation:

$$n = \frac{N}{1 + N(e^2)}$$

$$n = \frac{46.534}{1 + 46.534(10\%^2)}$$

$$n = \frac{46.534}{1 + 46.534(0,01)}$$

$$n = \frac{46.534}{1 + 465.34} = \frac{46.534}{466.34}$$

$$= 99,78 = 100$$

Resulting in a sample size of 100 respondents, considered representative of the characteristics of the study population. Therefore, several hypotheses were tested, as follows:

H1: Understanding of MSME accounting has a positive and significant impact on the business sustainability of MSMEs in Jombang Regency.

H2: Financial literacy has a positive and significant impact on the business sustainability of MSMEs in Jombang Regency.

The data used in this study consisted of primary and secondary data. Primary data was obtained by distributing closed-ended questionnaires to MSMEs in Jombang Regency. The research instrument was developed based on indicators for each variable and measured using a five-point Likert scale, ranging from strongly disagree to strongly agree. Meanwhile, secondary data was obtained from various supporting sources, such as reports, official documents, books, scientific journals, and data from the Jombang Regency Cooperatives and MSMEs Office relevant to the research topic.

Data analysis in this study utilized multiple linear regression to examine the simultaneous and partial effects of MSME accounting understanding (X1) and financial literacy (X2) on business sustainability (Y), modeled as  $Y = \alpha + b_1X_1 + b_2X_2 + e$ , where  $\alpha$  is the intercept,  $b_1$  and  $b_2$  represent regression coefficients, and  $e$  denotes the error term (Ghozali, 2021). Hypothesis testing employed partial t-tests to assess individual variable significance ( $p < 0.05$  rejecting H0), F-tests for overall model significance, and the coefficient of determination (Adjusted R<sup>2</sup>) to quantify the proportion of Y's variance explained by X1 and X2, with values nearer to 1 indicating superior predictive capability (Santoso, 2022).

Prior to regression, instrument quality was validated through exploratory factor analysis (loadings > 0.5) and Cronbach's Alpha reliability (> 0.7 threshold), ensuring measurement accuracy and consistency across Likert-scale items (Sugiyono, 2019). Classical assumption tests further fortified model integrity: normality via Kolmogorov-Smirnov/Shapiro-Wilk ( $p > 0.05$ ) and Q-Q plots; multicollinearity through VIF (< 10) and Tolerance (> 0.1); heteroscedasticity using Glejser/Breusch-Pagan (no pattern in residuals); and autocorrelation via Durbin-Watson (values  $\approx 2$ ), collectively guaranteeing BLUE (Best Linear Unbiased Estimator) properties for reliable inference (Ghozali, 2021). All procedures were executed in SPSS v.26, aligning with contemporary MSME sustainability analyses in Indonesia (Wulandari, 2024).

### 3. RESULTS AND DISCUSSION

#### 3.1 Result

##### 3.1.1 Descriptive Statistics

**Table 1.** Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Standart Deviaton
Understanding of EMKM Accounting	100	10	50	44.88	7.690
Financial Literacy	100	10	50	45.45	7.099
MSME Business Sustainability	100	10	50	45.37	6.990

Based on the descriptive statistical analysis of 100 respondents, the variable Understanding of EMKM Accounting Standards shows a minimum score of 10 and a maximum score of 50, with a mean value of 44.88 and a standard deviation of 7.690. The relatively high mean score indicates that most MSME actors tend to have a good level of understanding of EMKM accounting standards. Nevertheless, the standard deviation value suggests that variations in accounting understanding still exist among respondents.

The Financial Literacy variable has a minimum score of 10 and a maximum score of 50, with a mean value of 45.45 and a standard deviation of 7.099. These results indicate that, on average, respondents possess a high level of financial literacy. However, the observed variation reflects differences in financial knowledge and financial management capabilities among MSME actors.

Meanwhile, the MSME Business Sustainability variable records a minimum score of 10 and a maximum score of 50, with a mean value of 45.37 and a standard deviation of 6.990. The high average score suggests that most respondents perceive their business sustainability to be in good condition, while the relatively controlled standard deviation indicates moderate variability in respondents' perceptions.

##### 3.1.2 Instrument Validity and Reliability Tests

The validity test results indicate that all questionnaire items measuring understanding of EMKM accounting standards, financial literacy, and MSME business sustainability have corrected item–total correlation values exceeding the r-table value of 0.196 and significance levels below 0.05. Therefore, all measurement items are declared valid and capable of representing the constructs under investigation

**Table 2.** Results of Instrument Reliability Test

No	Variable	Cronbach's Alpha	Alpha Standard	Remark
1	Understanding of EMKM Accounting	0.979	0.60	Reliabel
2	Financial Literacy	0.974	0.60	Reliabel
3	MSME Business Sustainability	0.974	0.60	Reliabel

Reliability testing using the Cronbach’s Alpha method shows alpha values of 0.979 for understanding of EMKM accounting standards, 0.974 for financial literacy, and 0.974 for MSME business sustainability. All values exceed the minimum threshold of 0.60, indicating that the research instruments have very high internal consistency. Although such high values reflect excellent reliability, they may also suggest a high degree of similarity among questionnaire items.

**3.1.3 Classical Assumption Tests**

The normality test using the One-Sample Kolmogorov–Smirnov method yields an Asymp. Sig. (2-tailed) value of 0.061, which is greater than the significance level of 0.05. This result indicates that the residuals are normally distributed.

The multicollinearity test shows that the Variance Inflation Factor (VIF) values for the independent variables are 7.030, with tolerance values of 0.142. These values remain within acceptable limits, indicating that the regression model does not suffer from multicollinearity, although the relationship between independent variables is relatively strong and should be interpreted with caution.

a. Normality Test

**Table 3.** Data Normality Test Result

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	.000000
	Std. Deviation	2.48225918
Most Extreme Differences	Absolute	.235
	Positive	.229
	Negative	-.235
Test Statistic		.235
Asymp. Sig. (2-tailed)		.061 <sup>c</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

The multicollinearity test shows that the Variance Inflation Factor (VIF) values for the independent variables are 7.030, with tolerance values of 0.142. These values remain within acceptable limits, indicating that the regression model does not suffer from multicollinearity, although the relationship between independent variables is relatively strong and should be interpreted with caution.

**Table 4.** Multicollinearity Test Results

Model		Coefficients <sup>a</sup>			t	Sig.	Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients			Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	4.253	1.630		2.609	.011		
	Understanding of EMKM Accounting	.332	.087	.355	3.709	.000	.142	7.030
	Financial Literacy	.588	.094	.597	6.244	.000	.142	7.030

a. Dependent Variable: Business Sustainability

The multicollinearity test was conducted to examine whether there is a correlation among the independent variables in the regression model. A regression model is considered free from multicollinearity if the Variance Inflation Factor (VIF) value is less than 10 and the Tolerance value is greater than 0.10. The results show that the VIF value for each independent variable is 7.030, which is below the threshold of 10, while the Tolerance value is 0.142, exceeding the minimum criterion of 0.10. Therefore, it can be concluded that there is no multicollinearity among the independent variables, and the regression model is suitable for further analysis.

**Table 5.** Heteroscedasticity Test Results

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	6.314	1.200		5.263	.000
	Understanding of EMKM Accounting	-.065	.064	-.252	-	.310
	Financial Literacy	-.042	.069	-.150	1.020	.545

a. Dependent Variable: Business Sustainability

The heteroscedasticity test results indicate significance values of 0.310 for understanding of EMKM accounting standards and 0.545 for financial literacy, both exceeding 0.05. This confirms the absence of heteroscedasticity and indicates that the regression model satisfies the assumption of homoscedasticity.

### 3.1.4 Multiple Linear Regression Analysis

**Table 6.** Multiple Linear Regression Test Results

Model	Coefficients <sup>a</sup>				t	Sig.	Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients				Tolerance	VIF
	B	Std. Error	Beta					
1 (Constant)	4.253	1.630			2.609	.011		
Understanding of EMKM Accounting	.332	.087	.355		3.709	.000	.142	7.030
Financial Literacy	.588	.094	.597		6.244	.000	.142	7.030

a. Dependent Variable: Business Sustainability

The results of the multiple linear regression analysis produce the following equation:

$$Y = 4.253 + 0.322X_1 + 0.588X_2$$

The constant value of 4.253 represents a baseline statistical parameter of MSME business sustainability within the regression model. The regression coefficient of understanding of EMKM accounting standards ( $X_1$ ) is 0.322, indicating that a one-unit increase in accounting understanding is associated with an increase of 0.322 units in business sustainability, assuming other variables remain constant. Meanwhile, the financial literacy coefficient ( $X_2$ ) of 0.588 suggests a stronger influence of financial literacy on MSME business sustainability.

### 3.1.5 t-Test Results

The t-test results show that understanding of EMKM accounting standards has a positive and significant effect on MSME business sustainability, as indicated by a significance value of 0.000 and a t-statistic of 3.709. Financial literacy also has a positive and significant effect, with a significance value of 0.000 and a t-statistic of 6.244. Thus, both research hypotheses are supported.

The coefficient of determination shows an Adjusted R Square value of 0.874, indicating that understanding of EMKM accounting standards and financial literacy jointly explain 87.4% of the variation in MSME business sustainability, while the remaining 12.6% is influenced by other factors not included in this model.

**Table 7.** Determination Coefficient Result

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935 <sup>a</sup>	.874	.871	2.508

a. Predictors: (Constant), Financial Literacy, Understanding of EMKM Accounting

b. Dependent Variable: Business Sustainability

The Adjusted R Square value is .874. This indicates that the variables of MSME Accounting Understanding and Financial Literacy simultaneously contribute 87.4% to Business Sustainability, while the remaining 12.6% is influenced by other factors outside this model.

## 3.2 Discussion

### 3.2.1 The Effect of EMKM Accounting Understanding on MSME Business Sustainability

The findings of this study demonstrate that an understanding of EMKM accounting standards has a positive and statistically significant effect on the sustainability of MSME businesses. This result indicates that MSME actors who possess stronger accounting knowledge tend to be more capable of maintaining business continuity in the long term. Accounting understanding provides a structured framework for recording financial transactions, classifying costs and revenues, and preparing financial statements that reflect the actual financial condition of the business. Through accurate and systematic financial records, MSME owners are better positioned to monitor cash flows, identify financial constraints, and assess whether their business operations are generating sustainable value.

In practical terms, adequate accounting understanding enables MSME actors to move beyond intuitive or experience-based decision-making toward more evidence-based management practices. Reliable financial statements allow business owners to evaluate performance objectively, identify inefficiencies, and determine appropriate corrective actions. For example, clear profit and loss information can help MSME actors decide whether to expand production, adjust pricing strategies, or control operational costs. Without sufficient accounting knowledge, these decisions are often made based on estimates or short-term perceptions, which can increase the risk of financial mismanagement and threaten business sustainability.

From a theoretical perspective, this finding is aligned with decision-usefulness theory, which posits that financial information is valuable insofar as it supports rational economic decision-making. According to this theory, accounting information should be relevant, reliable, and understandable to users so that it can guide planning, control, and evaluation processes. MSME actors who understand EMKM accounting standards are more capable of interpreting financial information and using it strategically for budgeting, cost control, and risk management. As a result, accounting understanding serves not only as a technical skill but also as a cognitive tool that enhances the quality of managerial decisions and strengthens the foundation of long-term business sustainability.

The empirical results of this study are consistent with previous research conducted by (Riwayanda, 2024) as well as (Papulasih, 2024), both of which found that accounting understanding has a significant positive effect on MSME sustainability. These studies emphasize that MSMEs with better accounting practices tend to have stronger financial control, improved access to external financing, and greater resilience in facing economic uncertainty. Accounting information that is prepared in accordance with applicable standards also increases the credibility of MSMEs in the eyes of banks, investors, and government institutions, thereby expanding opportunities for business development.

However, the findings of this study contrast with those reported by (Sari, 2022) and (Pratama, 2021), who concluded that accounting understanding does not always translate into sustainable business outcomes. These discrepancies suggest that accounting knowledge alone may be insufficient if it is not consistently applied in daily business operations. In some cases, MSME actors may understand accounting concepts theoretically but fail to implement them due to limited time, lack of discipline, or the perception that accounting practices are overly complex. This highlights the importance of managerial commitment and behavioral factors in transforming accounting knowledge into effective business practices.

Overall, the results of this study underline that understanding EMKM accounting standards plays a crucial role in supporting MSME business sustainability, particularly when it is accompanied by consistent implementation and strong managerial commitment. Accounting understanding equips MSME actors with the tools necessary to manage their finances responsibly, make informed strategic decisions, and adapt to changing business environments. Therefore, efforts to enhance MSME sustainability should not only focus on improving accounting knowledge through training and education but also encourage the practical application of accounting standards in everyday business activities

### **3.2.2 The Effect of Financial Literacy on MSME Business Sustainability**

The findings of this study provide strong empirical evidence that understanding EMKM accounting standards has a positive and significant effect on the sustainability of MSME businesses. This result implies that MSME actors who possess adequate accounting knowledge are more capable of maintaining business continuity and adapting to changing economic conditions. Accounting understanding equips business owners with the ability to record financial transactions systematically, classify income and expenses accurately, and prepare financial statements that reflect the true financial position of the business. These practices are essential for ensuring transparency, accountability, and financial discipline, all of which are critical elements for long-term business sustainability.

In practical terms, MSME actors who understand accounting standards are better able to evaluate business performance objectively. Financial statements such as income statements, balance sheets, and cash flow reports allow business owners to assess profitability, liquidity, and solvency. This information enables MSMEs to identify early warning signs of financial distress, such as declining profits or cash shortages, and to take timely corrective actions. Without proper accounting understanding, MSME actors often rely on intuition or informal records, which may obscure financial problems and increase the risk of business failure.

From a managerial perspective, accounting understanding also supports more effective planning and control. By using accounting information, MSME actors can prepare realistic budgets, control operational costs, and evaluate whether business strategies are achieving their intended outcomes. Cost information, for instance, helps business owners determine appropriate pricing strategies and avoid underpricing or overpricing their products. In this way, accounting understanding contributes not only to financial orderliness but also to strategic decision-making that strengthens business competitiveness and sustainability.

Theoretically, this finding is consistent with decision-usefulness theory, which emphasizes that accounting information is valuable when it supports economic decision-making. According to this theory, financial information should be relevant, reliable, and understandable to users. MSME actors who understand EMKM accounting standards are more capable of interpreting financial data and transforming it into actionable insights. They can use accounting information for planning future activities, controlling ongoing operations, and managing financial risks. Consequently, accounting understanding functions as an important mechanism that links financial information to rational managerial decisions and long-term business sustainability.

The results of this study are in line with previous empirical findings reported by (Riwayanda, 2024) as well as (Papulasih, 2024), who found that accounting understanding significantly contributes to MSME sustainability. These studies highlight that MSMEs with sound accounting practices tend to have better access to external financing, as credible financial reports increase trust among banks and investors. Moreover, proper accounting records facilitate compliance with government programs and financial assistance schemes, which further enhances MSME resilience and growth potential.

However, the findings of this study differ from those of (Sari, 2022) and (Pratama, 2021), who reported that accounting understanding does not always lead to sustainable business outcomes. These contrasting results suggest that

accounting knowledge alone is not sufficient if it is not consistently applied in daily business operations. Some MSME actors may possess theoretical knowledge of accounting but fail to implement it due to limited resources, time constraints, or a lack of managerial commitment. This indicates that behavioral factors and organizational practices play an important role in translating accounting understanding into sustainable business performance.

Overall, this study underscores that understanding EMKM accounting standards is a crucial determinant of MSME business sustainability, particularly when it is accompanied by consistent implementation and strong managerial commitment. Accounting understanding provides MSME actors with the necessary tools to manage finances responsibly, make informed decisions, and respond effectively to business challenges. Therefore, policies and training programs aimed at improving MSME sustainability should not only focus on enhancing accounting knowledge but also emphasize practical application and continuous use of accounting standards in everyday business activities.

#### 4. CONCLUSION

Based on the results of multiple linear regression analysis, understanding of EMKM accounting (X1) has a positive and significant effect on the sustainability of MSME businesses in Jombang Regency ( $\beta = 0.322$ ,  $p = 0.000$ ), while financial literacy (X2) shows a stronger influence ( $\beta = 0.588$ ,  $p = 0.000$ ), so that both hypotheses (H1 and H2) are proven to be accepted. Simultaneously, both independent variables are able to explain 87.4% of the variation in business sustainability (Adjusted  $R^2 = 0.871$ ), with valid research instruments (item-total correlation  $> 0.196$ ), reliable (Cronbach's Alpha  $> 0.97$ ), and regression models that meet the classical assumption test (normality  $p = 0.061$ , VIF = 7.030, heteroscedasticity  $p > 0.05$ ). These findings reinforce the decision-usefulness theory that accounting understanding provides structured data for MSMEs' Financial Accounting Standards (SAK), complemented by financial literacy for rational decision-making, filling a gap in previous research such as that of (Zulfikar, 2022) and (Purniawati, 2024). Practically, the study findings suggest that the Jombang Cooperatives and MSMEs Office intensify integrated training on the Indonesian MSME Financial Accounting Standards (SAK EMKM) with financial literacy modules for 46,534 business owners, focusing on separating personal and business finances and utilizing financial reports for strategic planning to increase crisis resilience. Future research is recommended to adopt a longitudinal design or include moderating variables such as digital technology adoption to uncover the remaining 12.6% of variance, as well as replication in other districts for broader generalization.

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