
Financial Efficiency: An Analysis of Accounting Recording Systems in Food Sector MSMEs

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Abstract:

Accounting is a systematic process of recording, classifying, simplifying, and communicating financial transaction data with the aim of producing appropriate and reliable information for economic decision-making. In today's modern era, many micro, small, and medium enterprises (MSMEs), which are the backbone of the Indonesian economy, have yet to optimally implement accounting practices. A lack of understanding of accounting, limited human resources, and minimal access to information are the main challenges in implementing accounting in the MSME sector. This study aims to examine the extent of understanding and application of accounting records in 30 MSMEs in Cikondang Hamlet, RT 006/RW 002, located around the Pamulihan Grand Mosque. The data used consisted of primary data obtained through direct interviews with business owners, as well as secondary data sourced from documentation and other references. This study used a descriptive quantitative approach. The results of the study indicate that most MSMEs have not formally implemented accounting principles and still rely on simple records, or do not keep records at all. This has an impact on the inaccuracy of the financial reports produced and hinders accurate business decision-making.

Keywords: Accounting, Financial Statements, Micro, Small, and Medium Enterprises

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1. Introduction

Indonesia is a developing country with a diverse economic structure consisting of multiple business sectors, such as trade, industry, agriculture, services, and tourism. These sectors contribute significantly to national economic growth, with business activities generally classified by scale into micro, small, medium, and large enterprises. Among these, Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's economy, providing job opportunities, stimulating local economic activities, and contributing to national income growth (Fatkhayah et al.,

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2020; Amalia et al., 2022). MSMEs play a strategic role in promoting inclusive economic development through community empowerment, especially in the food sector, which remains one of the most resilient and fast-growing segments of the MSME ecosystem (Lestari et al., 2022; Karepesina et al., 2024).

Despite their critical role, many MSMEs face challenges in achieving sustainable growth, primarily due to limited access to financing and weak financial management practices. One key barrier is the inability of MSMEs to provide reliable and standardized financial reports that comply with applicable accounting standards, such as the *Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM)* (Alfatih et al., 2025; Margono, 2025). Financial institutions, including banks, often require formal financial statements as a prerequisite for credit assessment, and the lack of proper accounting records often results in difficulties accessing funding (Hamdani et al., 2025; Casella & Marini, 2023). Consequently, the implementation of accurate accounting systems becomes crucial in ensuring business transparency, accountability, and long-term sustainability.

Previous studies have indicated that many MSME owners still lack an adequate understanding of accounting practices. For example, Kurniawati et al. (2012) found that most MSMEs in Salatiga had recorded basic transactions such as sales and expenses but struggled to prepare complete financial reports. Similarly, Hutahuruk (2020) and Salmiah et al. (2015) observed that MSMEs in the food and retail sectors often rely on manual bookkeeping methods that are inconsistent with accounting principles. On the other hand, recent studies highlight that digitalization in accounting can enhance financial control and efficiency among MSMEs, though challenges remain related to technology adoption, data security, and limited digital literacy (Hakim et al., 2024; Ringan et al., 2025; Saleh & Jumarding, 2025).

However, research gaps still exist regarding the extent to which MSMEs in the food sector, especially in semi-rural areas, understand and implement accounting systems based on SAK EMKM. Most previous studies have focused on urban or manufacturing MSMEs (Sholihat & Hairudin, 2021; Karepesina et al., 2024), while few have examined food MSMEs in small communities with limited resources. This study addresses that gap by focusing on MSME actors in Haurngombong Village, where the application of accounting recording systems remains minimal. Preliminary observations revealed that out of 30 MSMEs operating around the Pamulihan Grand Mosque, only a few kept consistent records of cash flow, receivables, and inventory, while others relied on memory or rough estimates for their financial management.

This condition underscores the urgency of strengthening accounting literacy and system implementation among MSMEs to enhance their financial performance and economic resilience. Furthermore, understanding the challenges and barriers faced by these entrepreneurs can provide valuable insights for policymakers and institutions to design effective capacity-building programs (Ramadhan et al., 2024; Ismail et al., 2025).

Therefore, the objectives of this research are threefold:

- (1) To analyze the level of knowledge of food MSME actors in Haurngombong Village regarding accounting recording systems;
- (2) To assess the implementation of accounting records for assets, liabilities, capital, income, and expenses; and
- (3) To identify obstacles in the implementation process.

The novelty of this study lies in its focus on food-sector MSMEs in a rural context and its integration of both traditional and digital accounting perspectives to assess the degree of SAK EMKM application. The results are expected to contribute theoretically to accounting knowledge, practically to MSME capacity improvement, and socially to government policymaking aimed at improving the financial literacy and economic sustainability of MSMEs (Alfatih et al., 2025; Hamdani et al., 2025; Ringan et al., 2025).

2. Theoretical Background

Knowledge of Accounting Recording Systems

Accounting knowledge plays a crucial role in enabling MSME actors to prepare accurate, reliable, and standardized financial information. Adequate understanding of accounting principles allows MSME owners to record transactions properly, separate personal and business finances, and evaluate business performance effectively (Fatkhayah et al., 2020; Amalia et al., 2022). According to Ramadhan et al. (2024), MSME actors who possess sufficient accounting knowledge are more likely to manage their resources efficiently and make better financial decisions.

In the Indonesian context, the implementation of *Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM)* provides simplified guidelines for MSMEs to prepare financial reports (Hamdani et al., 2025; Alfatih et al., 2025). However, several studies indicate that many MSMEs still have limited knowledge about the standard, particularly those in the food and culinary sectors (Karepesina et al., 2024; Lestari et al., 2022). Casella and Marini (2023) emphasize that inadequate understanding of accounting concepts and lack of training contribute to the inconsistent adoption of SAK EMKM among small enterprises.

Empirical findings by Kurniawati et al. (2012) and Hutahuruk (2020) further reveal that MSME actors in smaller cities tend to rely on manual bookkeeping systems and often record transactions irregularly. Consequently, these practices hinder the generation of accurate financial statements. Based on this literature, the following hypothesis is developed:

H₁: *Food MSME actors in Haurngombong Village do not yet have sufficient knowledge of accounting recording systems.*

Implementation of Accounting Recording Systems

The implementation of accounting systems involves recording, classifying, and summarizing business transactions systematically to produce financial statements that reflect a company's true financial condition (Salmiah et al., 2015; Saputra, 2018). For MSMEs, effective accounting implementation supports business sustainability, facilitates access to credit, and enhances financial transparency. Sholihat and Hairudin (2021) state that the application of SAK EMKM-based financial reports increases accountability and facilitates decision-making among MSME owners.

Nevertheless, studies show that many MSMEs still face difficulties in implementing proper accounting systems due to limited human resources, lack of knowledge, and the perception that accounting is complex (Margono, 2025; Lestari et al., 2022). Hamdani et al. (2025) found that socialization and training programs significantly influence the level of SAK EMKM adoption. Similarly, Alfatih et al. (2025) confirmed that MSMEs in the food industry of Pontianak City partially applied SAK EMKM, but the accuracy and completeness of their reports varied depending on education and managerial capacity.

Furthermore, digitalization has emerged as a strategic factor in improving accounting practices. Hakim et al. (2024), Ringan et al. (2025), and Saleh and Jumarding (2025) argue that the adoption of digital accounting systems simplifies transaction recording, enhances accuracy, and minimizes human error. However, the transition from manual to digital systems is not always easy, particularly for MSMEs in rural areas with limited technological access.

Based on these findings, the following hypothesis is proposed:

***H₂:** Food MSME actors in Haurngombong Village have not implemented regular accounting recording for assets, liabilities, capital, income, and expenses according to basic accounting principles.*

3. Obstacles in the Implementation of Accounting Systems

Despite the government's efforts to improve financial literacy and promote SAK EMKM, MSMEs continue to face several obstacles in implementing accounting systems effectively. These obstacles include limited understanding, lack of formal education, insufficient training, and resource constraints (Fatkhayah et al., 2020; Karepesina et al., 2024). Ismail et al. (2025) note that the utilization of accounting information systems and information technology has a positive effect on MSME performance, but its success depends heavily on the operator's competency and perception toward technology.

Hamdani et al. (2025) identify perception and socialization as determining factors in the successful application of MSME accounting standards. Without sufficient guidance and external support, MSME owners often perceive accounting as irrelevant or too complicated for small-scale businesses. Moreover, as highlighted by Ramadhan et al. (2024), low accounting literacy not only affects record-keeping accuracy but also leads to inefficiency in managing business finances.

Empirical studies by Salmiah et al. (2015) and Hutahuruk (2020) revealed that MSMEs lacking accounting systems are more vulnerable to financial mismanagement and poor decision-making. The research of Ringan et al. (2025) and Saleh and Jumarding (2025) also emphasizes that digital transformation in accounting remains limited due to cost barriers, data security issues, and insufficient technological skills. Given these issues, it is essential to identify and analyze the obstacles faced by MSME actors in applying accounting systems to design effective interventions. Therefore, the third hypothesis is formulated as follows:

H₃: MSME actors in the food sector in Haurngombong Village face significant obstacles in implementing accounting recording systems, including lack of understanding, limited information, and human resource constraints.

3. Methodology

This study employed a descriptive quantitative design aimed at analysing the level of understanding and implementation of accounting recording systems among food-sector MSMEs. This approach was chosen to provide an objective depiction of current conditions and to generate measurable data regarding the accounting practices of business actors in the research area. The data consisted of two types: primary and secondary. Primary data were obtained directly from respondents through structured interviews and closed-ended questionnaires with “yes” or “no” responses, designed to assess MSME actors’ understanding of accounting concepts and their application in recording financial transactions. Meanwhile, secondary data were collected from scientific publications, articles, and books relevant to accounting recording systems and the application of accounting standards in MSMEs.

The research was conducted in Haurngombong Village, Pamulihan Subdistrict, an area with a high concentration of food MSMEs, particularly around the courtyard of the Pamulihan Grand Mosque. This location was purposively selected due to its dynamic culinary business activities, which represent the characteristics of MSMEs in the region. Data collection took place from April to June 2025. The study population comprised all MSMEs operating in Haurngombong Village, with a total of 30 MSMEs selected as the sample using purposive sampling, based on specific criteria: MSMEs engaged in food-related businesses and located near the Pamulihan Grand Mosque courtyard.

Data collection techniques included structured observation to directly observe financial recording practices, closed interviews using closed-ended questionnaires to explore MSME actors’ understanding of basic accounting principles, and literature review to strengthen the theoretical framework and compare field findings with previous studies. The collected data were then analysed using descriptive statistical methods to assess the proportion of MSMEs that had implemented accounting recording systems, their level of understanding of accounting principles, and the obstacles they faced in applying them. The results were used to evaluate the extent to which MSME accounting practices conformed to the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM).

4. Empirical Findings/Results

Through structured observation to directly observe the financial recording activities carried out by MSME actors in Haurngombong Village, with the criteria of MSMEs around the courtyard of the Pamulihan Grand Mosque, it was found that MSME actors did not have sufficient understanding of the accounting recording system and had not used an accounting recording system. Only a small number of MSMEs carry out simple recording that is not yet in accordance with SAK. MSMEs that carry out this simple recording explain that they only record cash receipts and expenditures using ordinary notebooks, and record debts and receivables on ordinary notes, which they often forget to keep and lose. This simple record-keeping, which does not comply with SAK, is influenced by a lack of knowledge about accounting record-keeping systems and a lack of interest in learning about them. These MSME entrepreneurs also still mix personal finances with business finances, resulting in inaccurate financial information. This shows that the financial record-keeping practices of MSME entrepreneurs in the food sector in Haurngombong Village do not comply with basic accounting principles.

Through closed interviews conducted using a questionnaire developed by the researcher to measure whether MSMEs in the food sector in Haurngombong Village are familiar with accounting systems, the researcher analysed how MSMEs in the food sector in Haurngombong Village record assets, liabilities, capital, income, and expenses, as well as the obstacles they face in using accounting systems. The following are the results of interviews with 30 food MSME respondents randomly selected by the researcher. The researcher created a list of questions that described the background of the 30 MSMEs that were sampled in this study, with the percentage of data processing results using Excel as follows:

Table 1. Descriptive Statistics of 30 MSME Respondents

No	Description	Category	Number	Percentage
1	Gender	Male	19	63
		Female	11	37
2	Education	Primary School (SD)	1	3
		Lower Secondary School (SMP)	3	10
		Senior High School (SMA)	25	83
		Bachelor's Degree (S1)	2	7
3	Business period	Less than 1 year	1	3
		1 to 5 years	22	73
		5 to 10 years	3	10
		More than 10 years	5	17
4	Daily income	≤ IDR 100,000	0	0
		£101,000 – £500,000	28	93
		≥ IDR 501,000	2	7

Source: Field research data (2025)

The level of knowledge among MSME actors regarding record-keeping or understanding of accounting is very limited. MSME actors around the courtyard of the Pamulihan Grand Mosque are predominantly male, aged over 30, and have been running their businesses for a long time. Some started their businesses in the 1990s, while others have just started. This is the reason why MSMEs have not yet

implemented bookkeeping or accounting records. For those who have implemented records, it is only based on personal initiative and is very simple. In general, the need for accounting records is necessary to support business operations. Table 5 below shows the answers and testing of hypothesis 1 regarding knowledge of accounting recording systems. It can be seen that the need for accounting recording is dominated by "no" answers, and most MSMEs are not interested in learning accounting because they are old and unable to learn something complicated.

Table 2. SMEs' Knowledge of Accounting and Accounting Records

No	Description	Yes	Percentage of Yes	No	Percentage Not
1	Do you know about accounting?	4	13	26	87
2	Do you know about accounting records?	2	7	28	93
3	Are you interested in studying accounting?	2	7	28	93
4	Do you require an accounting system?	1	3	29	97
5	In your opinion, is accounting record-keeping important in your business?	5	17	25	83
6	Do you know anything about asset recording in business?	2	7	28	93
7	Do you know anything about debt recording in business?	30	100	0	0
8	Do you know anything about capital recording in business?	30	100	0	0
9	Do you know anything about recording income in a business?	5	17	25	83
10	Do you know anything about expense recording in business?	2	7	28	93
Average response		8.3	28	21.7	72

Source: Field research data (2025)

Testing hypothesis 1 regarding knowledge of accounting recording systems yielded the conclusion that H₁₁ (alternative hypothesis): MSME actors in the food sector in Haurngombong Village do not yet have sufficient knowledge of accounting recording systems.

Before discussing hypothesis testing 2, namely regarding accounting recording practices or financial report preparation in MSMEs in Haurngombong Village, the researcher began by interviewing MSME actors about simple recording systems. These included transaction recording systems such as cash receipts and disbursements, debt recording, accounts receivable recording, inventory recording, and expense recording. The data from the interviews processed by the researcher are as follows.

1) Cash Receipts and Expenditure Transaction Record Book

Table 3. Application of Cash Receipts and Expenditure Recording

No	Cash Receipts & Expenditure Recording	Amount	Percentage
1	Implementing cash receipts and disbursements recording	4	13
2	Not implementing cash receipt and expenditure recording	26	87
Total		30	100

Source: Field research data (2025)

In Table 3, the results of the research show that only 4 respondents or 13% of MSMEs implement cash receipt and expenditure recording. The MSME respondents who record cash receipts and expenditures stated that they only do simple recording without referring to the applicable accounting system.

2) Debt and Receivables Record Book

Table 4. Debt Recording

No	Debt Recording	Number	Percentage
1	Implementing debt recording	5	17
2	Not implementing debt recording	24	80
Total		29	97

A total of 17% of MSMEs chose to record debts, 80% did not record debts, and 3% or 1 respondent stated that in 15 years of business, they had never had sales debts, either to agents, salespeople, or distributors, because they always made cash purchases to keep their business debt-free. SMEs that do not record sales debt gave the same response, namely that every transaction through agents, salespeople, or distributors is always provided with an invoice as sufficient proof of transaction.

Table 5. Recording of Accounts Receivable

No	Accounts Receivable Recording	Amount	Percentage
	Implementing accounts receivable recording	12	40
2	Not implementing accounts receivable recording	18	60
Total		30	100

Source: Field research data (2025)

When it comes to recording receivables, 60% of MSMEs choose not to record them, relying solely on creditors' awareness of debt repayment. However, 40% choose to record them in simple books or small notebooks that only the MSME owners themselves understand, so when creditors pay off some of their debts, MSMEs tend to simply cross out the entries in these books. MSMEs also explained that even though they record their creditors' receivables, creditors often claim that they do not owe any debts. This is why MSMEs often do not accept credit purchases. In fact, 75% of MSMEs write "No credit purchases" in front of their shops.

3) Inventory Record Book

SMEs are already aware of their inventory or stock. 100% of SMEs conduct stock calculations, ranging from daily, weekly, to monthly calculations. Three MSMEs that have employees tend to calculate inventory every day while organising goods and sorting the suitability of the food sold. However, only 33% keep stock records, while 67% do not; they only rely on daily stock calculations. MSMEs that record their inventory say that they buy raw materials every day from the market or the nearest agent, so inventory recording is very important and makes shopping much easier for them, even if it is simple recording on a piece of paper or using an agent's shopping book. However, those who do not keep records share the same opinion, namely that they already know what has been used up and spontaneously purchase items based on their memory, although the disadvantage is that they sometimes forget and purchase items beyond their estimates. The percentage difference between those who keep records and those who do not is discussed in detail in Table 6 below:

Table 6. Inventory Tracking

No	Inventory Tracking	Number	Percentage
1	Implementing inventory recording	10	33
2	Not implementing inventory recording	20	67
	Total	30	100

Source: Field research data (2025)

Based on the basic recording data above, it can be seen that some MSMEs still apply accounting concepts that are not in accordance with basic accounting principles. MSMEs around Haurngombong Village have not recorded assets, equity, and expenses, which are the basis for financial reporting. After recognising each transaction and making accounting entries, the next step is to prepare financial statements. The researcher conducted interviews and obtained the following results.

Table 7. Financial Statements of MSMEs

No	Description	Yes	Percentage Yes	No	Percentage No
1	Profit and loss statement	2	7	28	93
2	Statement of changes in equity	0	0	30	100
3	Balance Sheet	0	0	30	100
4	Cash flow statement	2	7	28	93
	Average	1	3.33%	29	96.67%

Source: Field research data (2025)

Based on direct interviews with MSME actors, it was found that 96.67% of MSMEs have not yet prepared complete financial statements; only 7% prepare income statements, statements of changes in equity, balance sheets, and cash flow statements. The 7% of MSMEs that prepare cash flow statements for each transaction record simple entries on a monthly basis. These MSMEs apply *cash basis* accounting, which is recording when cash is received and spent (Sugiarto, 2021). Respondents who stated that they had prepared cash flow statements explained that every time a transaction occurred, whether it was a receipt or expenditure of even Rp2,000, the MSME immediately recorded it in a notebook; although simple, it was effective in compiling daily reports. Another reason given was that these MSMEs explained that in the past, the shop had experienced significant losses due to not recording cash receipts and disbursements; the stock appeared to be low, but the income was also low. However, after creating cash flow reports, the owner became aware of where the shop's money was being spent, whether it was for purchasing raw materials, payments to salespeople, or taken by the owner for personal use. 100% of MSMEs unanimously answered that they did not prepare equity change and balance sheet reports. The reason MSMEs gave for not doing so was that they did not need or even require such reports because they would not apply for loans from banks. In addition, limited knowledge was also a reason why MSMEs did not prepare financial reports. Testing hypothesis 2 regarding accounting recording practices yielded the following conclusion, namely H₁₂ (alternative hypothesis): MSME actors in the food sector in Haurngombong Village have not implemented regular and periodic recording of assets, liabilities, capital, income, and expenses in accordance with basic accounting principles.

After testing hypotheses 1 and 2, the table below will test hypothesis 3 regarding the obstacles faced by MSME actors:

Table 8. SME Constraints in Accounting Record Keeping

No	Description	Yes	Percentage of Yes	No	Percentage No
1	Do you encounter difficulties in understanding accounting standards when recording accounting transactions?	30	100	0	0
2	Is the recording constraint a lack of information about accounting standards?	30	100	0	0
3	Is the obstacle to recording a lack of human resources with expertise in accounting?	30	100	0	0
4	Is the obstacle to accounting recording the absence of software such as computers and laptops...?	30	100	0	0
5	Is the obstacle to accounting record-keeping a lack of understanding of tax regulations for MSMEs?	30	100	0	0
Average response		30	100	0	0

Source: Field research data (2025)

Testing hypothesis 3 regarding the constraints faced yielded the conclusion that H₁₃ (alternative hypothesis): MSME actors in the food sector in Haurngombong Village experience significant constraints in implementing accounting recording systems, such as a lack of understanding in applying accounting, minimal access to information, and limited human resources.

5. Discussion

1. The Concept of Business Unity

The concept of business unity (entity concept) is one of the fundamental principles in accounting, which states that a business entity must be separated from the personal financial activities of its owner. This separation ensures that business transactions are not influenced by personal expenses or non-business-related activities. However, findings from this study reveal that 100% of MSMEs in Haurngombong Village have not implemented the business unity concept. Most MSME owners still combine household and business finances, using daily or weekly business income for personal expenses such as household groceries. This behavior aligns with the findings of Fatkhiyah et al. (2020), who noted that MSME actors generally have not distinguished between business and personal finances due to limited accounting knowledge and informal management systems. Similarly, Alfatih, Kurniawan, and Mustika (2025) found that culinary MSMEs in Pontianak also faced difficulties in separating personal and business financial records, which hindered accurate profit measurement and financial accountability. This lack of separation leads to inaccurate reporting of business performance and complicates decision-making processes.

2. Basis of Recording

The basis of recording refers to the method used to recognize financial transactions, typically either on a cash basis or an accrual basis. Under the cash basis, income and expenses are recorded when cash is received or paid, while the accrual

basis recognizes income and expenses when they are earned or incurred, regardless of cash flow. According to the study results, MSMEs in Haurngombong Village still predominantly apply a single-entry cash basis system, recording transactions only in a simple journal without posting them to a ledger. This finding is consistent with research by Lestari, Suharsana, and Yani (2022), which reported that many MSMEs in the food industry sector still rely on basic cash recording due to limited understanding of accrual-based accounting. Furthermore, Amalia et al. (2022) emphasize that MSMEs' reliance on cash-based records often arises from the perception that formal accounting practices are unnecessary for small-scale operations. However, Hamdani, Kosadi, and Febriyanti (2025) argue that adopting SAK EMKM (Financial Accounting Standards for Micro, Small, and Medium Entities) could help MSMEs transition from simple cash-based systems toward standardized financial reporting that improves transparency and financial accuracy.

3. The Concept of Time Period

The time period concept assumes that the activities of a business can be divided into specific reporting intervals (daily, monthly, or annually) to measure performance and financial position consistently. The current research indicates that 93% of MSMEs have not implemented this concept properly, with only 7% applying daily recording, and even then, only in a very simplified form. According to Hutahuruk (2020), many MSME actors do not maintain regular financial reports because they lack awareness of the importance of periodic reporting. This irregularity in financial recording makes it difficult to track profit or loss over time. Similarly, Karepesina, Loupatty, and Yuniarti Layn (2024) found that MSMEs in the culinary sector often overlook periodic financial statements, which affects their ability to evaluate performance and plan for long-term sustainability. Therefore, consistent implementation of time period reporting is crucial to support accurate business evaluation and decision-making.

4. The Concept of Business Continuity

The concept of business continuity (going concern) assumes that a business will continue to operate for the foreseeable future, unless there is evidence to the contrary. Findings from this study show that 100% of MSMEs have applied this concept effectively. Most MSME owners expressed strong commitment to maintaining their businesses, with some having operated continuously since the early 1990s. Even newly established MSMEs demonstrated persistence by innovating their menus to attract consumers, which reflects an awareness of sustainability and business continuity. This finding resonates with Ramadhan et al. (2024), who emphasized that MSMEs with a strong understanding of accounting knowledge and business management tend to have higher business resilience and innovation capacity. Additionally, Ringan, Paluala, and Sianturi (2025) highlighted that digital transformation in accounting systems strengthens MSME sustainability by improving financial monitoring and long-term planning.

6. Conclusions

The findings of this study indicate that the implementation of accounting recording systems among MSMEs in Haurngombong Village remains inadequate and not in accordance with basic accounting principles. Most MSME actors still rely on simple manual recordings that focus only on cash inflows and outflows without applying structured financial reporting procedures. This condition reflects the limited understanding of accounting concepts and the lack of awareness of the importance of proper financial management. The absence of separation between business and personal finances also causes business income to decrease because profits are often used for personal needs. Although the concept of business continuity has been applied well, overall financial management still lacks consistency and structure.

The persistence of these problems suggests that the main challenge lies in low accounting literacy among MSME actors. Many business owners do not yet view accounting as a strategic tool for evaluating performance or making financial decisions. Instead, they perceive it merely as an administrative burden. This limited perception leads to inadequate financial control and difficulties in determining the actual profitability of the business. In addition, limited human resources and access to accounting-related information further hinder the implementation of proper recording systems. Therefore, improving financial understanding and practical accounting skills is essential to support MSMEs in managing their businesses more efficiently and sustainably.

This study has several limitations that should be considered. The research was limited to MSMEs in the food sector located in Haurngombong Village, so the findings may not fully represent MSMEs in other regions or industries. The data collection method used a closed-ended questionnaire, which may not have captured deeper insights into the respondents' experiences and perceptions. Time constraints also limited the opportunity to conduct broader field observations and follow-up interviews. Future studies are encouraged to expand the research area, use mixed methods combining qualitative and quantitative approaches, and include variables such as the influence of technology adoption, education level, and government support on accounting implementation.

The results of this study provide several practical implications for MSME development. First, there is a need for structured and continuous training programs to improve the accounting literacy of MSME actors. These programs should emphasize the importance of financial separation between business and personal activities, the preparation of simple financial reports, and the use of digital tools to simplify recording. Second, local governments and related institutions are encouraged to develop mentoring initiatives that help MSMEs gradually implement financial systems based on accounting principles. Finally, future research can explore the effectiveness of digital accounting applications in improving MSME performance and examine long-term impacts of accounting literacy improvement on business growth and sustainability.

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