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Implementation of a Digital Accounting System to Increase the Efficiency of Financial Reports in MSMEs in Gowa Regency, Indonesia

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ABSTRACT
This research aims to determine the implementation of digital accounting systems on the increase of financial report efficiency in Small and Medium Enterprises (SMEs) in Gowa Regency. The study employs a quantitative method using simple regression analysis to investigate how the application of digital accounting systems impacts the efficiency of financial reports among Micro, Small, and Medium Enterprises (SMEs) in Gowa Regency. Data were collected from 45 SME respondents using instruments that had been tested and proven to be valid and reliable. The results of the regression analysis show a positive and significant relationship between the increase in financial report efficiency and the implementation of digital accounting systems. A correlation coefficient (R) value of 0.661 indicates a strong relationship, and the coefficient of determination (R2) of 0.436 suggests that the increase in financial report efficiency accounts for 43.6% of the variation in the implementation of digital accounting systems. Other factors influence the remaining variation. The model's feasibility was validated by the ANOVA test (F=33.306; Sig. =0.000). According to the regression coefficient (B=0.523), a one-unit increase in financial report efficiency will result in a 0.523-unit increase in the implementation of the digital accounting system. The findings indicate that SMEs' perception of efficiency benefits, such as ease of decision-making, accuracy, and data speed, is the primary factor driving the adoption of digital accounting systems. However, successful implementation relies heavily on four factors: the ability to use the application, understanding of financial reports, ease of system access, and technological support.

Keywords: DigitaL Accounting, Financial Report Effeciency, SMEs.
JEL Code: M41, M15, L26

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I. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a sector that plays a strategic role in supporting Indonesia's economic growth. Their contribution is reflected in their role in increasing Gross Domestic Product (GDP), absorbing labor, supporting national exports, and encouraging investment. The crucial role of MSMEs is also evident at the regional level, including in Gowa Regency, which holds significant potential for community economic development. Therefore, strengthening the capacity of MSMEs is a crucial step in accelerating local economic growth. One fundamental problem often faced by MSMEs is financial management and the preparation of financial reports. Many MSMEs still struggle to maintain accurate and effective accounting records. Good financial control is necessary to ensure that business financial governance produces good business results (Sudirman et al., 2020). Unstructured financial management has the potential to hinder business growth and trigger erroneous decision-making. Good financial management will also contribute to achieving good business management processes (Tawakkal et al., 2024).

In today's digital era, the implementation of technology-based accounting systems is becoming increasingly relevant because it can improve operational effectiveness and efficiency. The implementation of a digital accounting system is believed to be a solution for MSMEs in Gowa Regency to produce more transparent, accurate, and efficient financial reports. The application of digital accounting offers various advantages, such as automatic transaction recording, fast and timely report preparation, and easy access to financial data through digital devices. Based on the financial performance mentioned above, it can be concluded that financial performance includes efforts made by a business to attract and collect funds and capital at low costs under favorable terms and capital at low costs under favorable terms, efficiently and effectively (Sudirman, et, al. 2023). This has a positive impact not only on MSMEs but also on parties who need accurate financial information, thereby increasing trust, credibility, and business competitiveness.

Furthermore, accounting digitalization is not limited to recording transactions but also plays a role in transforming financial management. Advances in information technology have introduced various digital-based accounting applications, even supported by innovations such as artificial intelligence (AI), machine learning, fintech, and blockchain, which have the potential to accelerate business processes, strengthen governance, increase transparency, and promote financial accountability. However, in reality, many MSMEs in Gowa Regency have not fully utilized digital accounting systems. Some still use traditional methods due to limited knowledge, skills, or access to digital technology. This results in financial reports that are often inefficient, untimely, and at risk of inaccuracy. However, well-prepared, transparent, and accurate financial reports will support business sustainability and strengthen MSMEs' position in the face of competition. The achievement of any organization's goals depends heavily on the effective management of its managers (Nurdin et al., 2019).

The literature has shown that digital accounting systems are highly effective (Romney & Steinbart, 2018), but most empirical research focuses on MSMEs in large cities or the nation as a whole. This leads to geographically and contextually divergent understandings of implementation. Local MSMEs face distinct challenges, such as limited internet infrastructure, limited access to technical support, and potentially varying local government policies regarding digitalization incentives. Previous research often fails to understand the complexity of local components, which can impact the adoption rate and effectiveness of technology (Wibisono & Puspita, 2023). Therefore, by focusing on MSMEs in Gowa Regency, this study helps fill this gap. This study not only measures the quantitative impact of

digitalization (efficiency and reporting accuracy) but also qualitatively examines behavioral barriers, technology acceptance, and the local ecosystem that facilitate or hinder digital accounting adoption in Gowa. The novelty of this research lies in the relationship between measuring digital accounting efficiency and specific socio-economic conditions at the regional level. Digital accounting systems improve financial reporting efficiency, but improving business performance is the ultimate goal. To fulfill three strategic functions, MSME managers need accurate and timely reports:

Profitability Analysis and Cost Control: With real-time reports, business owners can identify which items are profitable or losing money and quickly adjust selling prices, promotional strategies, or operational cost efficiencies. Proactive Cash Flow Management: Digitalization helps small and medium enterprises (MSMEs) better project cash flow, reduce liquidity risk (default), and optimize working capital (Tawakkal et al., 2024). Therefore, the financial performance of MSMEs is directly influenced by the quality of effective and reliable financial information (Firmansyah, 2024). This comparative analysis of the research aims to demonstrate the significant performance differences between MSMEs using digital accounting and those using manual accounting. MSMEs that improve their performance in terms of profit, asset growth, and cost efficiency will strengthen the regional tax base and contribute to the increase in Gowa Regency's GRDP. The Gowa Regency Cooperatives and MSMEs Office needs to use this contribution as strong empirical evidence to design more targeted, technology-based mentoring programs. Essentially, digital accounting transforms financial reports into business intelligence tools (Firmansyah, 2024). MSME owners in Gowa can make quick and accurate decisions using this data to address issues (such as liquidity) and opportunities (such as market expansion). Furthermore, effective data aggregation from various digitally enabled MSMEs can serve as the basis for data-driven regional economic policies. The Gowa Regency Government can use this anonymous information to identify which sectors are experiencing rapid growth, which sectors face funding constraints, and what types of training are most needed. Therefore, digitalizing MSME accounting supports Gowa Regency's "Smart Economy" vision and individual growth (Wibisono & Puspita, 2023).

Based on these conditions, this study was conducted to analyze the implementation of a digital accounting system to improve financial reporting efficiency for MSMEs in Gowa Regency. This study employed a mixed methods approach. A quantitative approach with a descriptive-analytical design was used to measure and analyze the impact of digital accounting system implementation on financial reporting efficiency, using survey methods and statistical tests in the form of descriptive analysis, comparative analysis, and regression tests. Meanwhile, a qualitative approach was conducted through in-depth interviews to further understand the barriers and strategies of MSMEs in adopting digital accounting technology. The results of this study are expected to make a tangible contribution to strengthening the capacity of MSMEs through the use of digital technology, thereby improving business performance and driving regional economic growth. Furthermore, the findings of this study can also be used as a consideration by the Gowa Regency Government in formulating policies that support MSME development based on digital accounting.

II. Literature Review and Hypothesis Development

2.1. Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) have long been recognized as the backbone of the Indonesian economy, a distinction affirmed by economic figures such as Tambunan (2019). The

fundamental role of MSMEs is evident not only in their dominant contribution to Gross Domestic Product (GDP), but also in their ability to absorb a significant portion of the national workforce, a crucial role in poverty alleviation and income equality efforts. Legally, MSMEs are distinguished based on asset scale and annual turnover, as stipulated in Law Number 20 of 2008. In addition to being engines of growth, MSMEs also serve as safeguards of national economic resilience due to their rooted base in domestic resources and markets, and as a platform for the creation of new entrepreneurs spread across the regions. Despite their strategic role, the sustainability and ability of MSMEs to "upgrade" depend heavily on the quality of business management, particularly in financial management. Unfortunately, this is where the main challenge often arises. Many MSMEs still face low financial literacy, often characterized by the mixing of personal and business funds. This makes it difficult to prepare standard financial records or reports, which in turn hinders their ability to make informed business decisions and, more crucially, limits their access to formal capital from financial institutions. Often, the lack of credible financial reports and adequate collateral makes it difficult for MSMEs to obtain financing.

Therefore, MSME development efforts must focus on strategic solutions. First, improving financial literacy through intensive training is essential so that business actors can manage cash flow and maintain simple bookkeeping. Second, optimizing access to financing can be encouraged through government programs such as the People's Business Credit (KUR) and the use of legal and trusted Financial Technology (Fintech) platforms. MSMEs need training tailored to their needs to support their business activities (Nasir, 2025). Rapid digital transformation is now key to the sustainability and competitiveness of MSMEs in the post-pandemic era, in addition to issues of financial literacy and access to capital. Studies show that the use of digital technology is now a necessity for joining global supply chains, rather than an option for efficiency (Sari & Rahman, 2024). Small and medium-sized businesses (MSMEs) that use digital platforms show significant revenue increases and greater resilience to economic shocks. This is supported by the finding that strong digital literacy enables MSMEs to optimize their operations, reduce costs, and open previously unavailable markets. On the policy side, governments and financial institutions must shift from simply providing funding to building a supportive business environment. Mentoring programs should be comprehensive and include training on market analysis, product innovation, and regulatory compliance, in addition to bookkeeping. Community-based business incubation is a good development model because it connects MSMEs with mentors, technology providers, and investors. Finally, the adoption of digital technology is imperative, not only for marketing in the e-commerce realm, but also for operational efficiency and financial administration. By addressing these financial management challenges, MSMEs can optimally fulfill their role as drivers of inclusive and sustainable economic development.

Although significant attention has been paid to financial literacy and digitalization, the survival of MSMEs in an era of uncertainty depends heavily on their ability to manage risk. Due to crises and market changes worldwide, small and medium-sized enterprises (MSMEs) are highly vulnerable to external disruptions (Putra & Hidayat, 2024). For MSMEs, risk management has become a fundamental requirement. This includes operational risks (such as machine breakdowns or supply chain disruptions), credit risks (such as customer defaults), and market risks (such as changes in prices or demand). Unfortunately, many MSMEs lack adequate business continuity plans. As a result, a single unexpected event can threaten business continuity. Therefore, a comprehensive mentoring program should explicitly include risk management training, which should address market diversification strategies and the importance of business insurance (Prabowo & Dewi, 2024). Sustainability-oriented MSMEs (sustainability-oriented MSMEs) have the potential to promote responsible business practices. For

example, adopting environmentally friendly supply chains, ensuring fair labor practices, or supporting local communities through small-scale corporate social responsibility (CSR) programs (Wahyudi & Setyawan, 2023). Reporting these non-financial metrics can be facilitated by incorporating digital accounting. This can also increase transparency and attract investment from institutions focused on social impact. Therefore, small and medium enterprises (MSMEs) not only contribute to increasing GDP but also play a crucial role in realizing inclusive and responsible economic development.

2.2. Digital Accounting

Essentially, accounting is a systematic process for recording, categorizing, summarizing, and presenting all financial transactions (Kieso, Weygandt, & Warfield, 2018). Accounting is a financial information system used to collect and report information that can assist in decision-making (Ika Irmawati, et al., 2025). For Micro, Small, and Medium Enterprises (MSMEs), this function is vital as a tool for monitoring business development, determining profit/loss, and as a foundation for developing effective business strategies. Over time, accounting has transformed into a digital accounting system, a practice that relies on technology-based software or applications to automate recording, data processing, and the preparation of financial reports (Romney & Steinbart, 2018). The benefits of this digitalization are significant, including real-time transaction recording, faster and more accurate report preparation, easier data access from various devices, and increased financial transparency and accountability. Furthermore, this digitalization is integrated with cutting-edge technologies such as Artificial Intelligence (AI) and Fintech, which play a role in strengthening financial governance (Dai & Vasarhelyi, 2017). Despite its significant potential benefits, the adoption of digital accounting by MSMEs faces several obstacles. Key obstacles include limited resources, such as capital for hardware and software investments, and low digital literacy among business owners who are still comfortable with manual methods. Furthermore, concerns about data security and resistance to changing traditional mindsets also pose serious obstacles.

However, adopting a digital accounting system isn't just about replacing notebooks; it's a crucial step in supporting data-driven strategic decision-making. As technology advances, digital wallets are a technological innovation that makes it easier for consumers to conduct payment transactions, including activities carried out by several MSMEs (Sismar et al., 2023). Digital systems enable MSMEs to analyze financial performance in-depth, create more accurate financial plans and budgets, and most importantly, increase business credibility in the eyes of financial institutions. Professional and transparent financial reports are key to facilitating MSME access to capital for growth. Thus, digital accounting serves as a crucial instrument empowering MSMEs to transform into professionally managed business entities for long-term growth.

Digital accounting systems help address the issue of access to capital for MSMEs. Financial reports generated automatically, regularly, and transparently by digital systems serve as a crucial alternative data source for financial institutions, particularly Fintech lending platforms. In the past, small and medium-sized enterprises (MSMEs) faced difficulties obtaining loans because they lacked sufficient assets to serve as collateral. However, with regular transaction and performance records, Fintech can now implement non-traditional credit scoring. This score is based on business financial metrics such as daily cash flow, margin profitability, and revenue consistency. This speeds up and expands the credit approval process (Putri & Wijaya, 2024).

Furthermore, the integration of digital accounting and Fintech creates a positive cycle: loan applications become easier due to easier accounting data recording, and business growth generates even better accounting data. Consequently, digital accounting serves as an effective means of connecting creditworthy but not creditworthy MSMEs with the financial resources they need. Despite the technology's immense potential, digital accounting adoption relies heavily on behavioral changes and adherence to standards. The Indonesian Institute of Accountants (IAI) created the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in Indonesia to provide simple yet reliable reporting standards. Digital accounting software can automatically generate reports in SAK EMKM format, significantly helping MSMEs meet compliance requirements required by regulators and financing institutions. However, the main barriers lie in cultural resistance and behavioral factors, not just software costs (Prasetyo & Budiarto, 2024). MSMEs accustomed to manual bookkeeping often find digital systems too complicated or fear their data will be misused. Therefore, the implementation strategy requires not only technical training (hard skills) but also comprehensive mentoring focused on long-term benefits, building trust, and simplifying the user interface. To match the average digital literacy level of MSME entrepreneurs, the user interface must be simplified.

2.3. MSME Financial Reports

Financial reports serve as the final reflection of the entire accounting cycle, presenting critical data on financial position, business performance, and cash flow. Referring to PSAK No. 1 (IAI, 2020), these reports are designed to ensure stakeholders have adequate information for economic decision-making. The presentation of financial reports is intended to provide quantitative information regarding the financial condition for a specific period, both for internal and external parties (Nurdin, et al. 2019). For MSMEs, financial reports are an essential management tool. Their fundamental functions are:

1. To determine periodic financial health, providing clear details regarding assets, liabilities, and equity.
2. As a foundation for business strategy, assisting business owners in setting optimal selling prices, planning expansion, and controlling expenses.
3. As a key to accessing financing, where reliable reports serve as proof of business viability in the eyes of financial institutions.
4. Supporting future business growth and sustainability (Sulistiani & Rokhmania, 2021).

However, in reality, the majority of MSMEs struggle to produce reports that meet standards. The main obstacle is a lack of accounting knowledge and skills. Business owners often lack formal backgrounds, leading to an inability to apply proper recording principles. As a result, financial data is disorganized and inaccurate, making the resulting reports less credible. This gap is effectively bridged by the implementation of a digital accounting system. This technology transforms complex recording processes into automated, fast, and accurate ones. Using a user-friendly digital application, MSMEs simply enter daily transaction data. The system then instantly processes the data into standard financial reports (such as Profit and Loss and Financial Position). This digital solution directly addresses the accounting literacy challenges faced by MSMEs, ensuring that the resulting financial information is professional-quality and ready for use, both for internal (decision-making) and external (capital applications).

Failure to comply with standards is a key difference between MSME financial reports and credible reports. The majority of MSMEs in Indonesia use the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). SAK EMKM was created by the Indonesian Institute of Accountants (IAI) to be simple while still meeting financial information quality standards (IAI, 2018). To ensure this compliance, a digital accounting system is implemented in a structured manner. SAK EMKM templates and principles are often used by default by local software in Indonesia. This means the system automatically processes, journalizes, and compiles reports such as the Statement of Financial Position and Profit and Loss according to standard formats, even if the MSME business only enters initial transaction data. As a result, MSME reports are not only accurate but also relevant and comparable—two qualities critical for credit assessment and decision-making (Susilo & Handayani, 2023). When applying for loans to small and medium enterprises (MSMEs), this digital audit trail is very useful. Financial organizations consider not only profits and losses but also the credibility of the data generated. Clear traceability enhances MSME credibility and reduces lenders' perceived risk; both can impact interest rates and loan amounts (Wijayanti & Setyorini, 2024).

Contemporary digital accounting applications do more than simply record. MSMEs indirectly learn to understand their business conditions through easy-to-understand dashboards that present financial data in graphical form and with easy-to-understand key performance metrics. This represents a shift from passive record-keeping to proactive financial management. Proactive financial management enables business owners to quickly identify trends, potential cash flow issues, and growth opportunities (Firman & Mulyadi, 2023). The use of cloud computing technology is currently closely linked to the digital accounting transformation for small and medium-sized businesses (MSMEs). Cloud accounting systems allow MSMEs with internet connections to access and manage their financial data anytime and anywhere, instead of relying on on-premises hardware, such as computers or servers. Scalability and reduced initial costs (CAPEX) are key advantages of this method. Small and medium-sized businesses (MSMEs) do not need to invest heavily in IT infrastructure or expensive licensed software. Instead, they simply pay a monthly subscription fee based on the scale of their business (Maulana & Rizaldi, 2022). Furthermore, cloud-based systems ensure that accounting software is always automatically updated, including security updates and compliance with the latest tax regulations or SAK EMKM. This is crucial because MSMEs often lack dedicated IT staff to maintain their systems, so the cloud acts as an automated "IT concierge" to ensure the system runs smoothly.

2.4. Financial Reporting Efficiency

The concept of efficiency is a key principle in management, which simply means producing maximum results with minimum resource expenditure. In the context of preparing MSME financial reports, efficiency is measured by the ability to produce reports quickly, on time, accurately, and at low cost. The efficiency of the accounting process is highly dependent on the use of technology. The financial reports presented must comply with established regulations. The key to achieving efficiency in an accounting system is through process automation, the use of information technology, and the implementation of strong internal controls. Conversely, manual systems have proven inefficient, characterized by susceptibility to human error, time-consuming reconciliations, and wasteful paperwork. Payment transactions, which are typically conducted digitally, make it easier for MSMEs to record their finances to grow their businesses. Therefore, adopting a digital accounting system offers a

transformational solution for MSMEs to improve overall efficiency. This efficiency improvement is evident in several aspects:

1. Time and Energy Savings: Automating the recording and journaling process eliminates the need for repetitive data entry. With more free time, MSMEs can shift their focus from administrative tasks to more strategic core activities, such as product development or marketing.
2. Reduced Operational Costs: The use of digital applications reduces unexpected costs associated with errors and opportunity costs due to late reporting, in addition to savings in paper and office supplies.
3. Improved Quality and Accuracy: Automation minimizes human error (miscalculations or mispostings), resulting in accurate and consistent reporting. These quality reports are crucial not only for sound internal decision-making but also for meeting credit application or audit requirements.

According to Hansen & Mowen (2015), although automation improves speed and accuracy (efficiency), these benefits can only be achieved if strong internal controls are in place. Internal controls in contemporary digital accounting systems are embedded directly in the software and no longer require lengthy manual checks. Digital systems have the ability to automatically perform control tasks, such as: Input Data Validation: This prevents users from entering illogical or incorrectly formatted data (such as dates in the amount column), which automatically reduces human error at the source. Automatic Segregation of Duties: This reduces the risk of fraud and intentional errors by restricting user access based on their role. For example, sales staff can only record transactions rather than alter financial reports. Automatic Reconciliation: The system can automatically match bank transactions with entries in the general ledger. This eliminates the time-consuming manual reconciliation process (Rusli & Sari, 2023). This complex internal control ensures data security and reduces the time spent completing month-end reports. With manual systems, financial reports are often only available weeks after the accounting period ends, making them less relevant for urgent decisions. The advantage of digital accounting is its real-time reporting capability. All financial reports are updated instantly after each transaction is recorded in the digital system. This provides significant competitive advantages: Fast Pricing Decisions: MSME owners can see the profit/loss margins for specific products immediately after changes in raw material costs, allowing for quick and accurate price adjustments. Liquidity Management: Business owners can anticipate liquidity shortages by reviewing daily cash flow statements, also known as cash flow statements, and take corrective actions, such as collecting receivables, before problems become serious (Tjahjono & Lim, 2024). In short, digital accounting empowers MSMEs, transforming the financial reporting function from a mere liability into a source of competitive advantage through cost savings and high-quality information. Essentially, digital accounting transforms the financial reporting of small and medium-sized enterprises (MSMEs) from a mere compliance obligation into a strategic asset that provides competitive advantage. The ability to obtain accurate financial data in seconds rather than days is the difference between MSMEs that can adapt to changing trends and those that are left behind in a fast-moving market. Automation reduces costs and time, enabling small and medium-sized enterprises (MSMEs) to allocate their human and financial resources to value-added purposes.

An integrated digital accounting system that generates real-time reports can be considered a valuable, rare, and difficult-to-imitate (VRIN) resource for competitors still using manual systems. This capability provides a strong foundation for MSMEs to grow sustainably and create long-term

stakeholder value. Books and journals are not the only areas where digital accounting operates; they also serve as key operations. Inventory management is one of the most profitable areas. Every sale is automatically recorded, and inventory balances are updated in real time by integrated digital systems, such as Point of Sale (POS) and accounting modules. This eliminates the time-consuming and error-prone manual stock-taking process. Stock-Out Prevention: MSMEs can set automatic reorder points with real-time inventory reports to avoid stock-outs, which can hinder sales opportunities. Overstock Prevention: Conversely, digital analytics can identify slow-moving or slow-moving items. This can prevent excessive inventory buildup, which ties up working capital (Rudianto, 2023). By optimizing stock management, small and medium-sized enterprises (MSMEs) directly optimize their working capital, accelerate their cash conversion cycle, and increase their net profit. Partnerships with external parties improve MSME accounting. Because they benefit from efficient and credible reporting, financial institutions and Fintech companies are now actively promoting digitalization.

Fast Credit Verification: Fintech lenders, with owner approval, can pull financial data directly from MSME digital accounting software. Now, the due diligence process can be completed in hours rather than weeks. This efficiency accelerates capital disbursement. This is crucial for supporting seasonal or urgent MSME growth (Aryanto, 2023). Customized Loan Products: With detailed and effective financial data, capital providers can offer more specialized loan products tailored to MSME cash flow patterns, rather than simply offering one-size-fits-all products.Interventions from the government and professional associations are needed to increase the effectiveness of adoption at the national level: Subsidy Programs and On-Site Training: The government can provide subsidies for digital accounting software subscriptions for micro-SMEs. Training should be provided on-site or in a hybrid format, and focus on the transition from manual to digital to address digital literacy barriers (Dewi & Prasetio, 2023). Data Standardization: To ensure easy interoperability of MSME financial data across various platforms (tax, banking, marketplaces, etc.), professional associations, such as the Indonesian Institute of Accountants (IAI), must continue to collaborate with software developers to ensure standardization of data taxonomy (data classification). The effectiveness of this data exchange is crucial for building a fully integrated digital business ecosystem. Overall, digital accounting improves MSME efficiency by reducing administrative costs, ensuring compliance, increasing the speed and accuracy of information, and enabling MSMEs to act strategically rather than reactively in running their businesses.

H1: The implementation of digital accounting systems has a positive and significant effect on improving the efficiency of financial reporting among MSMEs in Gowa Regency.

III. Research Method

The method used in this research is a mixed methods approach. The approach used to solve the problem is a qualitative descriptive research approach. The quantitative approach, particularly quantitative analytic, is a deductive method. In scientific methods, accepted truth is used as a reference in further research. The quantitative approach is a form of research based on the philosophy of positivism to examine a specific population or sample and random sampling with data collection using instruments or statistical data analysis. The survey method is research that seeks to uncover public opinions, thoughts, or views on specific issues being studied. The data collection methods used in this research to obtain objective, accurate, and accountable data and information are:

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1. Observation, namely conducting systematic direct observation and recording of existing conditions, particularly performance level phenomena and influencing factors.
2. Interviews, namely data obtained from respondents through direct conversations with relevant parties regarding performance and influencing factors.
3. Questionnaire: A data collection instrument using a list of questions prepared for each respondent according to the operational definition.
4. Documentation: Collecting data based on documents and other written reports (secondary data) related to this research.

The analytical method used in this study is regression analysis, in this case using the SPSS version 27.0 application program. This analysis aims to examine the effect of a digital accounting system on improving the efficiency of MSME financial reporting, using the following formula:

$$Y = \beta 0 + \beta 1X1 + e$$

Where:

Y = MSME Financial Reporting Efficiency
X1 = Implementation of a Digital Accounting System
β0 = Regression Intercept
e = Error

IV. Results and Discussion

4.1. Analysis Result

The following presents the data processing results from the research title "Implementation of Digital Accounting Systems to Increase Financial Reporting Efficiency in MSMEs in Gowa Regency."

4.1. Regression Analysis

Overall, the results of this simple regression analysis strongly support the hypothesis that perceived increased efficiency in the financial reporting process encourages MSMEs to use digital accounting systems. These results also demonstrate a relationship between these two factors.

Table 1. Model Summary Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.661[a]	.436	.423	5.415	2.056
a. Predictors: (Constant), Improving Financial Reporting Efficiency in MSMEs					

b. Dependent Variable: Implementation of Digital Accounting System

The R value = 0.661 indicates a fairly strong relationship between the two variables and the R Square value = 0.436 indicates that 43.6% of the variation in the implementation of the digital accounting system can be explained by increased efficiency of financial reports, while the remaining 56.4% is influenced by other factors outside the research.

Table 2. ANOVA Test

ANOVA[a]						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	976.492	1	976.492	33.306	.000[b]
	Residual	1260.708	43	29.319		
	Total	2237.200	44			
a. Dependent Variable: Implementation of Digital Accounting System						
b. Predictors: (Constant), Peningkatkan Efisiensi Laporan Keuangan pada UMKM						

The results of the ANOVA test with a value of F = 33.306 and Sig. = 0.000 (<0.05) confirmed that the regression model built was suitable for use.

Table 2. Coefficients Test

Coefficients[a]						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	33.356	3.352		9.950	.000
	Increased Efficiency Financial Reports on MSMEs	.523	.091	.661	5.771	.000
a. Dependent Variable: Implementation of Digital Accounting System						

The regression coefficient shows a value of B = 0.523 (Sig. 0.000), meaning that every 1 unit increase in financial reporting efficiency will increase the implementation of the digital accounting system by 0.523.

4.2. Correlation Analysis

4.2.1. Implementation of a digital accounting system (X)

The results of the validity test conducted on the 10 questions were as follows:

Table 3. Results of Validity Testing of Variable X

Question Item	r count	r table	Status

1	0.901	0.294	Valid
2	0.894	0.294	
3	0.887	0.294	
4	0.545	0.294	
5	0.681	0.294	
6	0.799	0.294	
7	0.567	0.294	
8	0.844	0.294	
9	0.864	0.294	
10	0.814	0.294	

Based on the results of the validity test conducted on 10 questions for the financial report quality variable (X), the results showed that the 10 questions were declared valid, with a calculated r value ≥ r table, or a calculated r value greater than 0.294.

4.2.2. Improving Financial Report Efficiency in MSMEs (Y)

Based on the validity test results for each question item in variable Y, namely employee performance, the following results are presented:

Table 4. Results of the Validity Test of Variable Y

Question Item	r count	r table	Status
1	0.837	0.294	Valid
2	.0.941	0.294	
3	0.896	0.294	
4	0.745	0.294	
5	0.758	0.294	
6	0.781	0.294	
7	0.689	0.294	
8	0.419	0.294	
9	0.895	0.294	
10	0.923	0.294	
11	0.797	0.294	
12	0.908	0.294	
13	0.858	0.294	

Based on the validity test conducted on variable Y with 13 questions on employee performance (Y), all statements were declared valid because the calculated r ≥ the tabulated r ≥ 0.294.

4.2.3. Reliability Test

Reliability testing is conducted by correlating odd and even scores. The results of the reliability test indicate that the measuring instrument used in this study is reliable if the Cronbach's alpha value of the item is greater than the alpha value. If the Cronbach's alpha value of the item is less than the alpha value, it is considered unreliable. A reliability value of less than 0.6 indicates poor, a value of 0.7 is acceptable, and 0.8 indicates good. The results of the data processing program can be seen in the following table.

Table 5. Reliability Test Results

Variabel	Cronbach's Alpha	r table	Status
X	0,780	0.294	Reliable
Y	0.776	0.294	

Based on the reliability test results, the Cronbach's Alpha value for each variable is greater than the correlation coefficient r (r table). Therefore, each question item for each variable can be declared reliable. Based on the validity and reliability test results, several question items that passed the validity and reliability tests can be declared valid and reliable data. This valid and reliable data can then be used as data for processing in the next step of the analysis. The results of the regression and correlation analyses provide a good overview of what drives and hinders micro, small, and medium enterprises (MSMEs) from using digital accounting systems. The results indicate that successful implementation is the result of a combination of system readiness, human resource (HR) readiness, and environmental support.

4.3. Factors for Successful Implementation

As a result of the correlation analysis of indicators, it can be concluded that technology availability is not the only factor driving the implementation of a Digital Accounting System; four main pillars, interrelated with infrastructure and user readiness, play a critical role in system development.

a. Application Usage Skills: The high correlation in this area indicates that skills gaps, or limited skills, are a major barrier. Successful adoption depends on the ability of MSME owners and employees to manage the complex features of digital accounting applications.
b. Understanding Financial Statements: Users must understand the reports generated before implementing a digital system. A significant correlation indicates that MSMEs that understand the value of report information (such as profit and loss and balance sheets) will be more motivated to use the system that produces these reports.
c. Ease of Access: This component includes the system's user-friendly interface, or ease of use, and the ability to access it, often through mobile or cloud-based devices. The easier the system is to use and operate, the faster its adoption, especially given the time and mobility constraints of small and medium-sized business (MSME) owners.
d. Technology Support: This includes the availability of supporting infrastructure (such as a stable network) and technical assistance from vendors or consultants. This significant correlation indicates that a supportive technology environment is necessary for advanced system performance.

4.3.1. Obstacles and Challenges Faced

Despite the significant positive impact on financial reporting efficiency, the R-square value of 43.6 percent indicates that more than half of the change (56.4 percent) in digital accounting implementation is influenced by other variables, most of which are barriers. Addressing this is crucial to achieve mass adoption.

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4.3.2. The main obstacles faced by MSMEs include:

a. Limited Internet Infrastructure: In many regions, unstable or expensive internet connections are a fundamental barrier, especially for cloud-based accounting systems.
b. Lack of Formal Training: Many MSMEs lack access to structured and relevant training. This leads to a lack of digital literacy and a fear of adopting new technologies.
c. User Resistance: Reluctance or cultural resistance to digital transformation from manual (traditional) methods. When employees or owners are accustomed to old methods, they often resist adapting.
d. System Adaptation Costs: Most micro-scale MSMEs still consider the total cost of adaptation, including purchasing new hardware, intensive training, and operational adjustments, to be a significant investment, even though software costs are often affordable.

4.3.3. Impact of Implementation on MSME Performance

The results of the regression analysis, which showed positive results, provide empirical evidence of the transformative impact of digital accounting. Successful implementation directly improves the efficiency of small and medium-sized enterprise (MSME) financial reporting, as demonstrated by:

a. Report Preparation Speed: The financial report preparation cycle is drastically shortened, enabling business owners to gain real-time insights.
b. Data Accuracy: Automated input and calculations reduce human error, resulting in more reliable data for tax compliance and reporting.
c. Ease of Managerial Decision-Making: Because reports are quickly and accurately available, small and medium-sized enterprise (MSME) owners can make strategic decisions such as pricing, inventory management, and loan applications more precisely and data-driven.

4.3.4. Practical Strategies for Optimizing Implementation

To overcome obstacles and maximize the benefits of implementation, a structured and collaborative approach is needed that focuses on improving human resource capabilities

V. Conclusion

This study concludes that the implementation of a digital accounting system has a positive and significant impact on improving the efficiency of financial reporting for MSMEs in Gowa Regency. The use of digital technology has been proven to accelerate the reporting cycle, improve data accuracy, and facilitate data-driven strategic decision-making. The success of this transformation is driven by four main factors: user skills, accounting understanding, ease of system access, and technological infrastructure support. Despite its transformative impact, financial reporting efficiency is still influenced by external factors outside the study (56.4%), including obstacles such as limited internet connection, low digital literacy, and resistance to changes to manual methods.

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