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Research Article

Utilization of Digital Accounting Technology and Quality of Financial Reports in Economic Decision Making in Jenang Kudus MSMEs

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Abstract: This study aims to analyze the effect of digital accounting technology utilization and financial reporting quality on economic decision-making in Jenang Kudus MSMEs. The research method used is quantitative with a causal explanatory research approach . The research sample is Jenang MSMEs in Kudus engaged in regional culinary specialties, with a purposive sampling technique based on the criteria of businesses that have been operating for at least two years and have financial recording activities. Primary data was obtained through the distribution of Likert-scale questionnaires compiled based on research variable indicators. The research instrument was tested for validity and reliability before being analyzed using SmartPLS. The results show that the use of digital accounting technology does not have a significant effect on economic decision-making. Conversely, the quality of financial reports has been shown to have a positive and significant effect on economic decision-making. This finding confirms that the quality of accounting information is more decisive for the success of decision-making than the use of digital accounting technology alone.

Keywords: Accounting Information Quality; Digital Accounting Technology; Economic Decision-Making; Financial Reporting Quality; Jenang Kudus MSMEs

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a sector that plays a strategic role in supporting the Indonesian economy. MSMEs not only contribute to increasing Gross Domestic Product (GDP), but also play a vital role in absorbing labor and equitable distribution of public welfare. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) (2023) , MSMEs contribute more than 60% to national GDP and are able to absorb around 97% of the workforce. This shows that the existence of MSMEs is the backbone of the national economy, especially in the regions. One MSME that is growing rapidly and has become a regional culinary identity is the Jenang Kudus MSME , which has been widely recognized locally and nationally as a superior product with economic and cultural value. Despite its significant potential, the Jenang KudusMSME still faces various challenges, particularly in financial management and governance. Most MSMEs have not implemented systematic financial record-keeping practices and even continue to use manual record-keeping, which is prone to errors.

Most MSMEs fail to separate personal and business finances, consistently record daily transactions, and are unable to prepare simple profit and loss or cash flow statements (Risnawati et al., 2024) . This situation results in the low quality of the resulting financial reports, resulting in the available financial information often being irrelevant and unreliable as a basis for economic decision-making. Yet, quality financial reports are crucial for supporting various decisions, whether related to investment, financing, planning, or business development (Ayu, 2025).

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In today's digital era, the application of technology is increasingly widespread, including in accounting practices. Digital accounting is a suitable alternative to simplify and accelerate financial data processing. Utilizing this system offers various advantages, such as efficiency in data management, increased information accuracy, and the presentation of more transparent and reliable financial reports (Viona Eka Putri Mardiono et al., 2023). Accounting digitization can improve recording efficiency, data accuracy, and the quality of financial reports for MSMEs. However, its implementation is still hampered by low digital literacy, limited infrastructure, and high costs. Regulatory support, incentives, training, and simple and affordable application innovations are key to accelerating the adoption of accounting technology in MSMEs (Listiawati et al., 2025).

The quality of financial reports is a key factor in the economic decision-making process. According to the Basic Framework for the Preparation and Presentation of Financial Statements PSAK (2018), quality financial reports must meet four main characteristics: relevance, reliability, comparability, and understandability. If MSME financial reports do not meet these criteria, business decisions can be inaccurate and pose risks to business continuity. Conversely, if financial reports are presented with quality, MSMEs can formulate more effective business strategies, achieve cost efficiencies, and optimize market opportunities. High-quality financial reports are supported by the existence of internal control systems, information technology, the implementation of accounting standards, competent human resources, and the role of adequate internal auditors (La Ode Anto, 2023)

Improving the quality of MSME financial reports is not automatic but occurs through various stages. Several studies have shown that most MSMEs still use accounting applications only for basic recording without understanding the functionality of the available reports. As a result, the resulting information is not optimally utilized in the business decision-making process. This situation emphasizes the importance of mentoring and training in the implementation of digitalization. Therefore, although accounting digitalization has significant potential to improve the quality of financial reports, its success is largely determined by business actors' understanding of accounting principles and their willingness to fully utilize the application's features. Synergy is needed between technology utilization and capacity building for MSMEs so that the resulting financial reports truly reflect sound and reliable accounting principles (Listiawati et al., 2025). With digital technology, MSMEs can produce more accurate, relevant, and regulatory-compliant financial reports, ultimately increasing business credibility and sustainability, leading to informed economic decisions (Budiantara et al., 2024) .

Several studies on the use of digital accounting technology and the quality of financial reports on economic decisions were conducted by Budiantara et al. (2024); Kusumawardhani et al. (2024); Chakraborty & Chowdhury (2025), the results of the study showed that digitalization of accounting systems has a positive effect on the accuracy and timeliness of accounting information as well as reducing costs and the effectiveness of SME management decision-making. Furthermore, research on the quality of financial reports on economic decisions was conducted by Pradana (2023), high-quality financial reports can serve as an effective platform for various parties to make economic decisions .

This research on the use of digital accounting technology and the quality of financial reports for economic decisions is novel because it integrates aspects of accounting digitalization with the quality of financial reports as a basis for decision-making, particularly in the MSME sector, which is adapting to digital transformation. The purpose of this research is to analyze the influence of digital accounting technology utilization on the quality of financial reports and its impact on economic decisions made by business actors. The reason for this research is because many business actors still face obstacles in preparing reliable financial reports, even though good financial report quality is crucial for supporting appropriate economic decisions. Furthermore, the development of the digital era demands efficiency, transparency, and speed in the management of financial information. Therefore, this research is expected to provide practical and academic contributions in supporting the related literature.

2. Literature Review

Digital Accounting Technology

The use of digital technology has also increased efficiency in accounting activities. Through the use of accounting software and management information systems, data processing can be accelerated, financial transaction monitoring becomes more effective, and financial information can be accessed in real time. This supports management in making faster and more accurate decisions based on available data (Sri Anjarwati et al., 2023). The application of digital technology in accounting offers significant benefits for MSMEs, particularly in the faster, more efficient, and more effective calculation, reporting, delivery, and analysis of financial data. Digitization in financial and management accounting enables more accurate and relevant financial information. Furthermore, the use of digital accounting systems can reduce operational costs by automating manual work, minimizing errors, and improving decision-making quality. Therefore, the use of digital technology in accounting and management practices is highly recommended to help MSMEs improve performance while reducing costs (Salsabila & Rahman, 2023).

Digital transformation in accounting highlights the impact of digitalization on accounting practices and the role of technology in improving the efficiency and effectiveness of financial information management. This change is not merely limited to the automation of routine activities, but also includes the use of modern technology that supports more comprehensive data analysis and more optimal decision-making (Annisa Fitriah Mudassir, 2024). Research conducted by (Budiantara et al., 2024), (Kusumawardhani et al., 2024), (Chakraborty & Chowdhury, 2025). The results of the study indicate that digitalization of the accounting system has a positive effect on the accuracy and timeliness of accounting information as well as cost reduction and the effectiveness of UK M management decision-making . Therefore, it can be formulated as follows:

H1: The Use of Digital Accounting Technology Has a Positive Influence on Economic Decisions

Quality of Financial Reports

The quality of financial reports can be defined as the presentation of financial information that complies with applicable accounting provisions or standards, is free from material errors, and does not mislead users. The quality of financial reports is determined by the extent to which the report provides relevant and useful information to its users. Furthermore, preparing financial reports based on a conceptual framework, accounting principles, and accounting objectives will increase the reliability and credibility of the information produced (Alpi et al., 2023). The quality of financial reports plays a crucial role in supporting the economic decision-making process for stakeholders. Well-presented financial reports can be used in various decisions, such as investment decisions, compensation agreements, and loan requirements. As a form of accountability for its authority, management is obliged to prepare financial reports that are not only used internally but also serve as a basis for consideration by interested external parties. Therefore, financial information must be presented fairly and consistently in accordance with applicable accounting principles (Gea, O. O., & Putra, 2022)

The Indonesian Institute of Accountants (IAI) through PSAK No. 1 (2015:10) emphasizes that the main objective of financial statements is to provide information regarding the financial position, financial performance, and cash flow of an entity that is useful for most users in making economic decisions . Then, financial statements also serve to demonstrate management's accountability for the management of entrusted resources. Research on the quality of financial statements on economic decisions was conducted by (Pradana, 2023) , high-quality financial statements can serve as an effective platform for various parties to make economic decisions . Therefore, the formulation of the hypothesis in this study is as follows:

H2: The Quality of Financial Reports Has a Positive Influence on Economic Decisions

Economic Decision Making

Sustainable economic decision-making plays a crucial role because it provides deeper understanding, produces more accurate predictions, and supports effective policy evaluation, enabling economic strategies to be developed in an adaptive, responsive, and sustainable manner. However, data limitations, privacy issues, and the need for a comprehensive view of economic sustainability remain important considerations when applying data analysis to support decision-making (Wulandari et al., 2024) . Accounting digitization is seen as an effort to strengthen competitiveness, support decision-making, and simplify financial processes. Its implementation has been proven to provide benefits such as increased accuracy and reliability of financial data, accelerated transaction processing, and reduced use of documents and

manual recording. However, limited funding, a lack of technical skills, and resistance to change are major obstacles to the implementation of accounting digitization in MSMEs (Sri Anjarwati et al., 2023).

The use of digitalization of information systems in cooperatives provides many benefits, including facilitating access to information, helping decision-making that is in line with planning, and improving the quality of financial reports produced (Afrimelda, 2022). Research conducted by (Kusumawardhani et al., 2024), (Chakraborty & Chowdhury, 2025), (Pradana, 2023), The results of the study show that the use of digital accounting technology has an impact on economic decisions because it has the accuracy and timeliness of accounting information as well as reducing costs and effectiveness of SME management decision-making . Therefore, the formulation of the hypothesis in this study is as follows:

H3: Utilization of Digital Accounting Technology and the Quality of Financial Reports on Economic Decisions

3. Research Method

This study uses a quantitative method with a causal explanatory research approach to analyze the influence of digital accounting technology utilization and financial reporting quality on economic decisions. The study population was Jenang Kudus MSMEs operating in the regional culinary industry. The sampling technique used purposive sampling , with the criteria being businesses that had been operating for at least two years and had financial recording activities. Primary data were collected through a Likert-scale questionnaire compiled based on the variable indicators of digital accounting technology utilization, financial reporting quality, and economic decisions. The research instrument was first tested for validity and reliability to ensure data validity.

The operational definition in this study consists of three main variables. First, the utilization of digital accounting technology , namely the extent to which MSMEs in Jenang Kudus use digital-based accounting applications or systems to support financial recording, processing, and reporting. Indicators used include ease of use, time efficiency, data accuracy, real-time report accessibility, and the suitability of the technology to business needs. Second, the quality of financial reports , namely the ability of financial reports to meet qualitative characteristics according to accounting standards so that they can be used as a basis for decision-making. Indicators of financial report quality include information relevance, data reliability, comparability between periods, user understandability, and timeliness of presentation. Third, economic decisions , namely the ability of MSMEs to determine business steps based on available financial information. Economic decision indicators include investment, financing, operational, marketing, and business expansion decisions. All indicators are measured using a five-point Likert scale questionnaire, ranging from "strongly disagree" to "strongly agree," allowing respondents to provide answers according to their conditions

Data analysis was conducted using the Partial Least Square – Structural Equation Modeling (PLS-SEM) method using SmartPLS software. The analysis stages include outer model testing to assess convergent validity, discriminant validity, and construct reliability through loading factor values , AVE, composite reliability, and Cronbach's Alpha. Furthermore, inner model testing was carried out by looking at the R-square, Q-square, and goodness of fit values to assess the quality of the structural model. Path significance testing was conducted using the bootstrapping method to obtain t-statistic and p-value values so that the influence between variables can be determined and the research hypothesis can be tested. Thus, this study is expected to be able to provide a comprehensive understanding of the role of digital accounting technology and the quality of financial reports in supporting economic decisions in Jenang Kudus MSMEs.

4. Results and Discussion

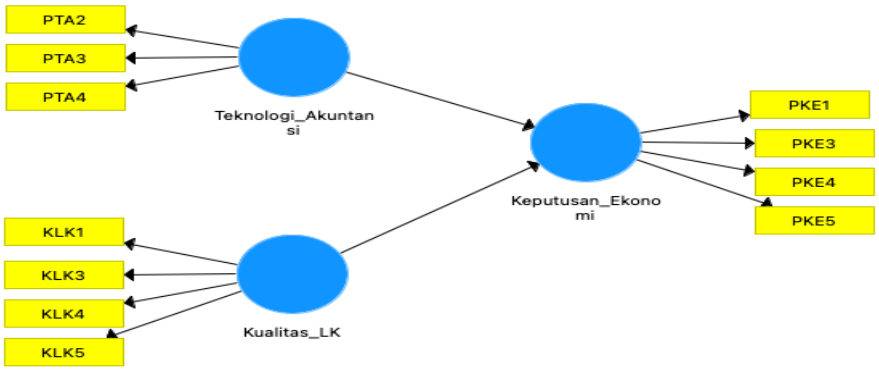

Figure 1. PLS Construct Model

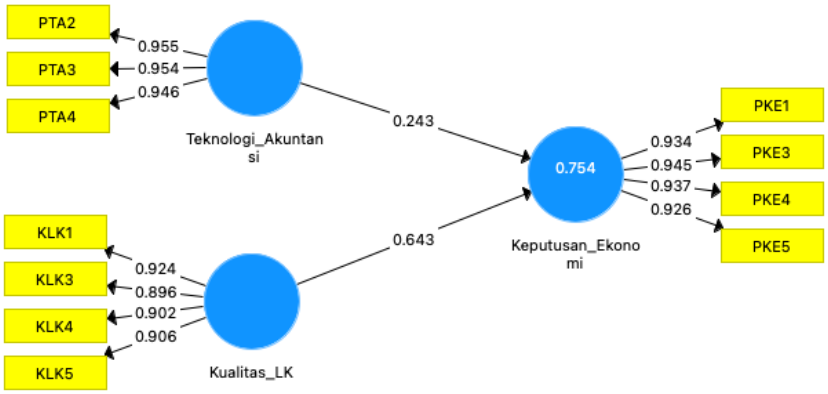

Figure 2. Outer Loading on PLS Construct Model

Evaluation of Measurement Model (Outer Model)

Evaluation of the measurement model (Outer Model) was conducted to assess the validity and reliability of the research constructs. Convergent validity was evaluated using Outer Loading and Average Variance Extracted (AVE). Outer loading reflects the correlation between an indicator and its corresponding construct, where a minimum value of 0.7 indicates that the indicator is able to explain at least 50% of the variance in the construct being measured (Hair, 2021).

Table 1 Outer Loading

Variables	Indicator	Outer Loading	Criteria(≥ 0.7)	Information
Financial Report Quality (KLK)	KLK1	0.924	Passed	Valid
	KLK3	0.896	Passed	Valid
	KLK4	0.902	Passed	Valid
	KLK5	0.906	Passed	Valid
Economic Decision Making (ECDM)	PKE1	0.934	Passed	Valid
	PKE3	0.945	Passed	Valid
	PKE4	0.937	Passed	Valid
	PKE5	0.926	Passed	Valid
Digital Accounting Technology (PTA)	PTA2	0.955	Passed	Valid
	PTA3	0.954	Passed	Valid
	PTA4	0.946	Passed	Valid

Source: Data processed by SmartPLS3, 2025

Based on Table 1 Outer Loadings, all indicators have outer loading values above 0.7. This indicates that all indicators are valid and able to represent their latent constructs well.

Average Variance Extracted (AVE)

AVE shows how much of the indicator's variance can be explained by its latent construct . The minimum AVE value is 0.5 , which indicates that the construct can explain more than 50% of the variance of its indicators (Hair, 2021).

Table 2. Average Variance Extracted (AVE)

Construct	AVE	Criteria (≥ 0.5)	Information
Economic Decisions (PKE)	0.876	Passed	Valid
Quality_LK (KLK)	0.823	Passed	Valid
Accounting Technology (PTA)	0.906	Passed	Valid

Source: Data processed by SmartPLS3, 2025

Discriminant Validity

a. Fornell-Larcker Criterion

The Fornell-Larcker Criterion states that the square root of the AVE of each construct must be greater than the correlation between that construct and other constructs.

Table 3. Fornell-Larcker Criterion

	Economic Decisions	Quality_LK	Accounting Technology
Economic Decisions	0.936		
Quality_LK	0.861	0.907	
Accounting Technology	0.820	0.896	0.952

Source: Data processed by SmartPLS3, 2025

Discriminant validity in this study is confirmed through the comparison of the square root of the Average Variance Extracted (AVE) for each construct with its correlations with other constructs. The AVE root of Economic_Decision (0.936) is higher than its correlations with LK_Quality (0.861) and Accounting_Technology (0.820), indicating that discriminant validity is achieved. Similarly, the AVE root of Quality_LK (0.907) exceeds its correlations with Economic_Decisions (0.861) and Accounting_Technology (0.896), further supporting discriminant validity. Additionally, the AVE root of Accounting_Technology (0.952) is greater than its correlations with Economic_Decisions (0.820) and Financial_Quality (0.896), confirming that discriminant validity is fully satisfied.

b. Cross Loading

Cross-loading compares an indicator's loading on its own construct with its loading on another construct. The loading on its own construct should be higher.

Table 4. Cross Loading

	Economic Decisions	Quality_LK	Accounting Technology
KLK1	0.771	0.924	0.813
KLK3	0.809	0.896	0.737
KLK4	0.758	0.902	0.828
KLK5	0.785	0.906	0.877
PKE1	0.934	0.854	0.858
PKE3	0.945	0.772	0.707
PKE4	0.937	0.787	0.698
PKE5	0.926	0.804	0.792
PTA2	0.768	0.851	0.955
PTA3	0.780	0.859	0.954
PTA4	0.793	0.850	0.946

Source: Data processed by SmartPLS3, 2025

Based on Table 3 Cross Loading, all indicators have the highest loading on their own construct. This indicates that based on the cross-loading criteria, discriminant validity is met.

Reliability

Construct reliability is assessed through Cronbach's Alpha And Composite Reliability. According to (Hair, 2021), Cronbach's Alpha and Composite Reliability values are declared to meet the reliability criteria if they have a value ≥ 0.7.

Table 5. Reliability

Construct	Cronbach's Alpha	Composite Reliability	Criteria (≥ 0.7)	Information
Economic Decisions	0.953	0.966	Passed	Reliable
Quality_LK	0.928	0.949	Passed	Reliable
Accounting Technology	0.948	0.967	Passed	Reliable

Source: Data processed by SmartPLS3, 2025

Based on Table 5, the Cronbach's Alpha and Composite Reliability values for all constructs are above 0.7. This indicates that all constructs have good reliability and are consistent in measuring what they are supposed to measure.

Structural Model Evaluation (Inner Model)

Multicollinearity

Multicollinearity is a condition in which there is a high correlation between independent variables in the model . The multicollinearity test in SEM-PLS is carried out using the value Variance Inflation Factor (VIF) . The general criteria for VIF are less than 10.0 (O'Brien) , with moderate criteria being less than 5.0 (Hair) and strict criteria being less than 3.3 (Kock & Lynn).

Table 6. Multicollinearity

Indicator	VIF	Criteria (General < 10.0, Moderate < 5.0, Strict < 3.3)	Information
KLK1	4,144	Pass (Moderate)	There is no multicollinearity problem
KLK3	3,166	Pass (Tight)	There is no multicollinearity problem
KLK4	3,243	Pass (Tight)	There is no multicollinearity problem
KLK5	3,577	Pass (Moderate)	There is no multicollinearity problem
PKE1	4,551	Pass (Moderate)	There is no multicollinearity problem
PKE3	5,587	Pass (General)	The maximum limit is still acceptable
PKE4	4,883	Pass (Moderate)	There is no multicollinearity problem
PKE5	4,323	Pass (Moderate)	There is no multicollinearity problem
PTA2	5,344	Pass (General)	The maximum limit is still acceptable
PTA3	5,155	Pass (General)	The maximum limit is still acceptable
PTA4	4,337	Pass (Moderate)	There is no multicollinearity problem

Source: Data processed by SmartPLS3, 2025

Based on the VIF Table , all indicator VIF values are below 10.0. Although some indicators (PKE3, PTA2, PTA3) have VIF above the moderate criteria (5.0), they are still below the maximum acceptable limit (10.0) . This indicates that there is no serious multicollinearity problem in this research model.

Path Coefficient

Path coefficient indicates the strength and direction of the hypothesized relationship between constructs. The significance of the relationship is evaluated through t-statistics and p-values from the bootstrapping procedure.

Table 7. Path Coefficient

Construct	Original Sample (O)	T Statistics (|O/STDEV|)	P Values	Information
Quality_LK -> Economic_Decisions	0.643	1,882	0.030	Significant
Accounting_Technology -> Economic_Decisions	0.243	0.636	0.262	Not Significant

Source: Data processed by SmartPLS3, 2025

The analysis results indicate that the quality of financial reports (KLK) has a strong positive effect on economic decision-making (PKE), with a path coefficient (O) of 0.643. This relationship is also statistically significant, as evidenced by a p-value of 0.030, which is below the significance level of $\alpha = 0.05$. In contrast, the use of digital accounting technology (PTA) has a weak positive effect on economic decision-making (PKE), with a path coefficient (O) of 0.243. However, this relationship is not statistically significant, as the p-value of 0.262 exceeds the significance level of $\alpha = 0.05$.

Effect Size (f^2)

Effect size (f^2) measure the relative impact of predictor variables on endogenous variables . The evaluation criteria f 2 are: ≥0.35 (Big Effect), 0.15−0.34 (Intermediate Effect), 0.02−0.14 (Small Effect), and <0.02 (No Effect).

Table 8. f^2 Test

Predictor Path → Dependent	f^2	Interpretation
Quality_LK → Economic_Decisions	0.330	Intermediate Effects
Accounting_Technology → Economic_Decisions	0.047	Small Effect

Source: Data processed by SmartPLS3, 2025

The analysis of effect sizes shows that Financial Report Quality has an f^2 value of 0.330 on Economic Decision Making, which falls into the Medium Effect category. This indicates that Financial Report Quality has a moderate influence on the dependent variable. In contrast, Digital Accounting Technology has an f^2 value of 0.047 on Economic Decision Making, categorized as a Small Effect, suggesting that its influence on the dependent variable is relatively weak.

Coefficient of Determination (R^2)

Coefficient of determination (R 2) measures the predictive accuracy of the model, representing the combined effect of exogenous variables on endogenous values. R 2 shows the proportion of variance in the endogenous construct that can be explained by all connected exogenous constructs.

Table 9. Coefficient of Determination

Dependent Construct	R Square	R Square Adjusted	Category	Interpretation
Economic Decisions	0.754	0.74	**Substantial**	High predictive ability

Source: Data processed by SmartPLS3, 2025

R^2 For Economic Decisions is 0.754 . Referring to the criteria , the R 2 value ≥ 0.67 categorized as Substantial , showing high predictive ability of the model. This means that 75.4% of the variance in Economic Decision Making can be explained by the variables of Digital Accounting Technology Utilization and Financial Report Quality together.

Predictive Relevance (Q2)

Predictive Relevance (Q 2) is a key indicator for evaluating the predictive ability of the SEM-PLS model . Mark Q2 above 0 indicates that the model has predictive relevance. According to Hair et al. (2019), the interpretation of the Q^2 value is as follows:

$Q^2 > 0$ = Has predictive relevance
$Q^2 \geq 0.02$ = Small predictive relevance
$Q^2 \geq 0.15$ = Moderate predictive relevance
$Q^2 \geq 0.35$ = High predictive relevance

Table 10. Predictive Relevance of Q^2

Dependent Construct	Q^2	Interpretation	Information
Economic Decisions	0.627	Strong	Predictive relevance is very good

Source: Data processed by SmartPLS3, 2025

Q^2 For Economic Decisions is 0.627 . Referring to the criteria , the Q^2 value > 0.50 categorized as Strong , indicating that the model has excellent predictive relevance . This means the model has good ability to predict new observational data.

Fit Model

Model Fit was evaluated using several indices, including SRMR and NFI.

Table 11. Model Fit

	Saturated Model	Estimated Model
SRMR	0.053	0.053
NFI	0.840	0.840

Source: Data processed by SmartPLS3, 2025

The model fit was evaluated using two indicators: SRMR (Standardized Root Mean Square Residual) and NFI (Normed Fit Index). The SRMR value obtained was 0.053, which is below the commonly accepted thresholds of 0.08 or 0.10, indicating a good model fit. The NFI value was 0.840; while the ideal value is closer to 1, values above 0.80 are generally considered acceptable, suggesting a reasonably good fit. Overall, these indicators demonstrate that the model fits the data well.

PLS Predict

PLS Predict is model validation to describe how well the PLS model has predictive power . The RMSE and MAE values of the PLS model must be lower than those of the linear regression (LM) model.

Table 12. PLS Predict

	PLS	LM	PLS	LM
	RMSE	**RMSE**	**MAE**	**MAE**
PKE5	0.893	1,009	0.646	0.700
PKE4	0.819	0.911	0.595	0.671
PKE3	0.881	0.967	0.630	0.656
PKE1	0.711	0.790	0.592	0.659

Source: Data processed by SmartPLS3, 2025

Based on Table 12 PLS Predict, for all indicators of Economic Decision Making (PKE), the RMSE (Root Mean Square Error) value of the PLS model is lower than that of the linear regression (LM) model. Similarly, the MAE (Mean Absolute Error) value of the PLS model is also lower than that of the linear regression model. This indicates that the proposed PLS model has better predictive power compared to the simple linear regression model.

Discussion

Based on path coefficient analysis. H1: The use of digital accounting technology (PTA) has a positive effect on economic decision making (PKE) in Jenang KudusMSMEs. Rejected . The path coefficient is positive (0.243), but the p-value (0.262) is greater than the significance level of α=0.05. This indicates that the effect of the use of digital accounting technology on economic decision making is not statistically significant . Based on the results showing insignificant influence The use of Digital Accounting Technology (PTA) for Economic Decision Making (PKE) needs to be further analyzed in the context of theory. Digital Accounting Technology .

Theoretically, digital accounting technology should improve the efficiency, accuracy, and speed of information, which should support better decision-making. However, the research results were insignificant. This could be due to several factors in the context of the Jenang KudusMSME, such as: a) Suboptimal adoption or utilization rates: Even though technology is used, MSMEs may not have fully integrated or maximized the features of the technology to generate insights that can directly influence strategic decisions. b) Skills gap: Users (MSMEs) may not yet have sufficient skills to fully utilize digital accounting technology and translate its output into concrete economic decisions. Research conducted by (Afrimelda, 2022) showed that the use of accounting information systems had no significant impact on decision-making.

H2: The quality of financial reports (KLK) has a positive effect on economic decision making (PKE) in Jenang Kudus MSMEs. Accepted . The positive path coefficient (0.643) and p-value (0.030) are smaller than the significance level of α=0.05. This indicates that the influence of Financial Report Quality on Economic Decision Making is statistically significant . The results show positive and significant influence from the Quality of Financial Reports (KLK) to Economic Decision Making (PKE) is very supports the theory of Financial Report Quality . This theory asserts that relevant, reliable, and understandable financial information is crucial for managers and business owners to make rational decisions. MSMEs in Jenang Kudus with high-quality financial reports tend to make better economic decisions because they have a clear and accurate picture of their business's performance and financial position. This is consistent with the literature stating that reliable and relevant financial reports reduce information asymmetry and improve decision effectiveness.

Research conducted by (Kusumawardhani et al., 2024) , (Chakraborty & Chowdhury, 2025) , The results of the study indicate that digitalization of accounting systems has a positive effect on the accuracy and timeliness of accounting information as well as reducing costs and the effectiveness of SME management decision-making. Furthermore, research on the quality of financial reports on economic decisions was conducted by (Pradana, 2023) , high-quality financial reports can serve as an effective platform for various parties to make economic decisions . The use of digital accounting technology plays a role in supporting the accuracy of strategic decision-making .

H3: The simultaneous use of digital accounting technology (PTA) and the quality of financial reports (KLK) has a positive effect on economic decision making (PKE) in Jenang Kudus MSMEs. Accepted . Based on the value of the Determination Coefficient (R2) for Economic Decisions of 0.754 , this model has substantial predictive ability . This means that 75.4% of the variance in Economic Decision Making can be explained by the Utilization of Digital Accounting Technology and the Quality of Financial Reports together. Although PTA is not significant individually, the value R2 Which substantial (0.754) for Economic Decision Making shows that in general Combined , Digital Accounting Technology Utilization and Financial Report Quality have excellent ability in explaining variation in Economic Decision Making. This indicates that the overall model, with these two predictors, is still very relevant in predicting PKE. This is in line with the theory that states that various factors can synergistically contribute to certain outcomes. In this case, although the individual contribution of Accounting Technology Utilization may not be direct or strong, its presence together with Financial Report Quality helps the model to explain most of the variance in Economic Decision Making. Although either individual effect (PTA -> PKE) is not significant, the combined contribution of both significantly explains the variance in PKE.

Theoretical Conclusion: This study confirms the crucial role Quality of Financial Reports as a significant direct driver of Economic Decision Making in Jenang KudusMSMEs, in line with accounting theory. However, the direct relationship of Utilization of Digital Accounting Technology on Economic Decision Making was not found to be significant, which may indicate the complexity of the technology adoption and implementation process in MSMEs. However, simultaneously, these two factors contribute significantly to explaining the variance in Economic Decision Making.

5. Conclusion

Based on the analysis results using the SmartPLS method on the Jenang KudusMSME, this study shows that the use of digital accounting technology does not have a significant effect on economic decision-making. This finding indicates that although some MSMEs have utilized digital technology in financial recording and management, its existence has not directly supported the effectiveness of decision-making. This may be caused by limited user understanding, low digital literacy, and the suboptimal application of technology according to the business needs of the Jenang KudusMSME. In contrast, the quality of financial reports has been proven to have a positive and significant effect on economic decision-making. In other words, decisions taken by MSMEs are more determined by the extent to which the resulting financial reports are relevant, reliable, timeliness, and easy to understand. Therefore, although the use of digital accounting technology remains important as a supporting tool, the main factor that needs to be considered by the Jenang KudusMSME is improving the quality of financial reports so that they can serve as a basis for making more appropriate economic decisions. Suggestion for the Jenang Kudus MSME, it is recommended to improve accounting literacy and optimally utilize digital technology to produce quality financial reports as a basis for decision-making. The main focus should be directed at preparing relevant, reliable, and timely financial reports, as these have been proven to have a greater influence on economic decisions. For further research, it is recommended to add other variables such as financial literacy or human resource competencies, expand the sample to different MSME sectors, and use a qualitative approach to more deeply explain the factors that influence the relationships between variables.

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