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The Influence of Turnover on Financial Report Making Abilities with Financial Access as a Moderating Variable (Study on MSMEs in Malang City)

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ABSTRACT: The development of Micro, Small, and Medium Enterprises (MSMEs) is crucial for Indonesia's economic growth, significantly contributing to national income and employment. However, MSMEs often struggle with financial management due to limited financial literacy, affecting their ability to maintain accurate financial records and access external financing. This study examines the influence of turnover on the financial report-making abilities of MSMEs in Malang City, with financial access as a moderating variable. Using a quantitative approach and a sample of 125 MSMEs, data was collected through structured questionnaires, observations, and interviews. The findings indicate that while sales turnover is essential for business sustainability, it does not significantly impact the financial reporting capabilities of MSMEs. The regression analysis shows no significant effect of sales turnover on financial reporting ability. However, the study underscores the importance of financial access in enhancing financial transparency and accountability. Improved financial access can help MSMEs invest in technology and training, thereby improving financial record-keeping and overall business performance. These insights are valuable for policymakers and financial institutions in developing better financial education programs and funding policies to support MSMEs, highlighting the need for further research to explore additional factors influencing financial reporting capabilities.

Keywords – Accounting, Sales Turnover, Financial Reporting Skill, Financial Access, MSMEs.

I. INTRODUCTION

1.1 Background

The development of Micro, Small, and Medium Enterprises (MSMEs) has become a key driver of Indonesia's economic growth, reflecting their increasing contribution to national income and employment. The number of MSMEs has steadily increased from 64.19 million in 2018 to 66 million in 2023 (Kadin Indonesia, 2023), highlighting their growing importance. In Malang City, the expansion of MSMEs has been even more significant, with the number rising from 6,983 units in 2021 to 29,058 units in 2023 (BPS Kota Malang, 2023). This rapid growth demands a more accountable financial system to ensure sustainable business development. However, MSMEs continue to face financial management challenges due to limited financial literacy, making it difficult for them to maintain accurate financial records, plan business strategies, and access external financing. The absence of reliable financial statements prevents MSMEs from securing funding from formal financial institutions, restricting their growth potential.

To address these challenges, the adoption of the Financial Accounting Standards for MSMEs (SAK EMKM) aims to enhance financial transparency and accountability. While SAK EMKM provides a standardized framework, many MSMEs in Malang City struggle to implement it effectively due to a lack of financial knowledge and resources. The availability of capital sources plays a crucial role in helping MSMEs invest in technology and training, which can improve financial record-keeping. Additionally, the reliability of financial records is essential in building transparency, which directly impacts business sustainability and access to financing. Despite the critical role of financial transparency, research exploring the relationship between capital sources, financial record reliability, and transparency within the framework of SAK EMKM remains limited.

This study is highly relevant for both policymakers and MSMEs. The findings can provide valuable insights for the government and financial institutions in formulating better financial education programs and funding policies to support MSMEs. Additionally, the study can help MSME owners recognize the importance of financial transparency and encourage the broader adoption of SAK EMKM. Understanding how capital sources and financial record reliability influence financial transparency in Malang City's MSMEs will offer practical solutions to improve financial management, competitiveness, and long-term sustainability.

1.2 Research Questions

1. Does the revenue of MSMEs influence their ability to prepare financial statements?
2. Does financial access moderate the effect of MSME revenue on their ability to prepare financial statements?

1.3 Research Objectives

1. Analyze the influence of MSME revenue on their ability to prepare financial statements.
2. Examine the moderating effect of financial access on the relationship between MSME revenue and their ability to prepare financial statements.

II. LITERATURE REVIEW

2.1 Capital Financial Statement

Capital financial statements serve as a key communication tool that reflects the progress or decline of a business, enabling accurate and timely decision-making. Moreover, financial statements function as a primary accountability measure for management, particularly in understanding the profits or losses incurred by MSMEs. However, many MSME owners still rely on simple bookkeeping, recording only cash inflows and outflows, inventory movements, revenue, and receivables or payables without adhering to standardized financial reporting guidelines (Harahap, 2014). As a result, they face difficulties in assessing their business performance accurately and providing reliable financial information to stakeholders.

In the context of capability, Spencer explains that competence includes knowledge, skills, and attitudes necessary for effective performance (Bahar, 2019). Therefore, understanding financial statements is crucial for business owners to monitor their business performance, track funding sources and their utilization, and develop appropriate financial strategies. The ability to prepare financial reports according to accounting standards allows MSMEs to manage their finances efficiently, estimate the required capital, and project potential profits (Ilarrahmah & Susanti, 2021).

In this study, the ability to prepare financial statements is classified as intellectual capability. Intelligence levels vary among individuals, influencing their ability to solve problems, develop skills, and complete tasks effectively. Entrepreneurs who can compile financial statements accurately tend to achieve higher business performance (Ilarrahmah & Susanti, 2021). According to Gani et al. (2020), intellectual ability in financial reporting can be measured through several indicators, including: (1) numerical ability – the entrepreneur's ability to record and calculate financial transactions; (2) verbal understanding – the ability to classify and comprehend financial statement content; (3) perceptual speed – the ability to classify, summarize, and prepare financial reports; (4) deductive and inductive reasoning – the ability to analyze financial statements; (5) spatial visualization – the ability to make decisions based on financial data analysis; and (6) memory – the ability to collect and recall financial transaction records.

2.2 Sales Turnover

Sales turnover is a fundamental aspect of business sustainability, as every marketing or sales activity aims to generate revenue. A business can grow and survive if its sales turnover remains stable or increases. Sales turnover represents the total transaction value within a specific period, whether daily, weekly, monthly, or annually. However, turnover is not synonymous with profit or loss; a high turnover accompanied by low profits or losses indicates inefficient management, while a lower turnover with higher profits may suggest better cost control (Saputra, 2020).

Sales turnover refers to the total revenue generated from product sales over a specific period within an ongoing accounting process (Tjiptono & Diana, 2020). Swastha, as cited in Sandi & Sari (2022), defines sales turnover as the total accumulated sales transactions of goods or services recorded continuously within a single accounting period. Furthermore, Swastha in Purwantinah (2021) describes sales turnover as the total accumulation of sales activities over time within a structured accounting process. In this study, the indicator of sales turnover is the average annual turnover of MSMEs in Malang City. This metric reflects the financial performance and sustainability of MSMEs, providing insights into their market competitiveness and operational efficiency.

To enhance sales turnover, businesses must develop an integrated and well-coordinated strategy. Effective management should implement competitive marketing efforts, whether through accurate information dissemination, improved customer service, or innovation in sales channels. Strengthening these aspects is expected to boost product sales turnover, increase customer trust, and improve financial transparency for MSMEs.

2.5 Financial Access and Capital Access

Financial access plays a vital role in ensuring the availability of financial services and credit for low-income and disadvantaged groups at an affordable cost. This is a key driver of economic growth, particularly in rural areas, as it enables marginalized communities to increase their income, accumulate wealth, manage risks, and work toward overcoming poverty. Additionally, the financial services sector contributes significantly to the economy by mobilizing savings, providing business credit, and facilitating economic transactions such as transfers and payments (Hasibuan, 2022).

Financial access is defined as the ability of individuals, households, entrepreneurs, and businesses to access and utilize various financial services (Adomako et al., 2016). The key indicators of financial access include:

1. Loan applications to financial institutions – Measuring the extent to which MSMEs seek external funding.
2. Types of loans accessed – Differentiating between short-term, long-term, and specific-purpose loans.
3. Approval of financial loans – Evaluating the ease and success rate of MSMEs in securing credit from financial institutions.

These indicators determine the extent to which MSMEs can secure financial resources for business expansion, capital investment, and operational sustainability. Financial access also involves the availability and usability of loans, deposits, payment services, insurance, and other risk management tools. In Indonesia, financial access providers include commercial banks, rural banks, credit cooperatives, and financial institutions such as OJK (Financial Services Authority), BI (Bank Indonesia), and the Ministry of Cooperatives and SMEs. According to Financial Services Authority Regulation No. 76/POJK.07/2017, which focuses on improving financial literacy in the financial services sector, financial access encompasses not only access to financial institutions but also the quality of products and services available, ensuring that they meet the needs and capabilities of society.

Similarly, capital access is an external factor within attribution theory that influences MSME performance. It plays a crucial role in business development, enabling MSMEs to introduce new products, expand market reach, and enhance operational capacity. Access to financial information—such as loan application procedures, ease of obtaining credit, and loan eligibility criteria—provided by financial institutions is highly valuable for MSMEs (Suardana & Musmini, 2020). Such access empowers entrepreneurs to scale their businesses, sustain growth, and improve financial resilience.

2.6 Working Capital Loans and Management

According to the Indonesian Dictionary, a working capital loan refers to a loan granted under general conditions, with interest rates following commercial rates and eligibility determined by financial institutions. Kasmir (2010) defines working capital credit as a financial facility used to meet short-term funding needs, typically with a maximum repayment period of one year (which can be extended upon maturity), where interest rates are adjusted based on usage.

Efficient financial reporting is an independent variable that refers to the ability to prepare accurate financial statements in accordance with applicable accounting principles (Astriani, 2021). This competency enables MSMEs to allocate financial resources wisely, track business performance, and make informed decisions regarding investments and profit distribution. The indicators used to assess MSMEs' financial reporting capability include:

1. Understanding the business’s financial condition and collecting transaction evidence – Ensuring proper documentation and accuracy in financial reporting.
2. Recording all financial transactions – Reflecting the business’s ability to maintain systematic financial records for better financial management and strategic planning.

Working capital is defined as the funds used to finance a company's daily operations, primarily short-term business activities. It also includes all current assets, such as cash, bank deposits, securities, receivables, and inventories (Kasmir, 2012). Kasmir (2012) outlines three key concepts of working capital:

1. Quantitative Concept – Defines working capital as all current assets available for short-term business operations.
2. Qualitative Concept – Focuses on the difference between current assets and current liabilities, known as net working capital, indicating liquidity levels and financial stability.
3. Functional Concept – Emphasizes the role of funds in generating profits, where higher working capital investment leads to greater profit potential.

Effective working capital management is essential in corporate finance, allowing businesses to adapt to unexpected financial changes, such as interest rate fluctuations and raw material costs. Maintaining the optimal balance of working capital is crucial, as excessive capital leads to idle resources, while insufficient capital disrupts production and operational efficiency.

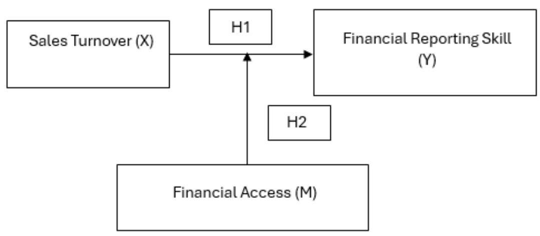
2.6 PREVIOUS RESEARCH

Several prior studies have explored the relationship between sales turnover, financial access, and financial reporting capabilities in various contexts. Key references for this research include:

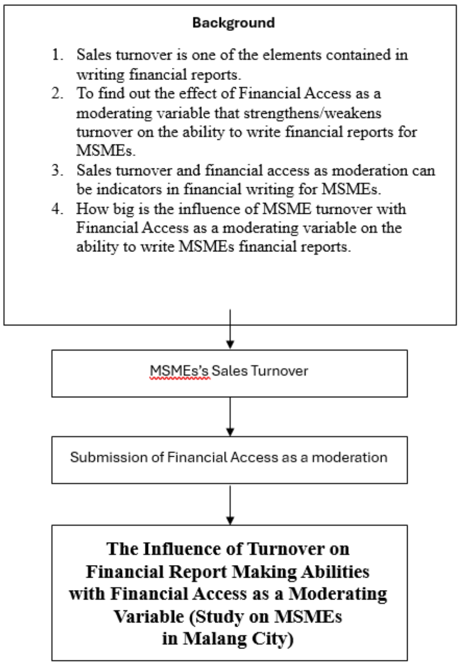
1. Aulia (2024): Investigated the impact of financial literacy, financial inclusion, and the ability to prepare financial statements on MSME financial performance. The study found that financial statement preparation did not significantly influence MSME financial performance, while financial literacy and accounting information usage had a positive impact.
2. Fauziah et al. (2024): Analyzed financial inclusion, financial literacy, and financial management on MSME performance in Bekasi. The study found that financial literacy and financial management positively affected MSME performance, while financial inclusion had no significant impact.
3. Arisando (2020): Examined the influence of financial literacy, financial management, and capital access on MSME sales. The results indicated that all three factors positively affected MSME sales, emphasizing the importance of financial management and access to capital.
4. Harahap et al. (2024): Studied financial access and digital marketing on MSME growth, with financial literacy as a moderating variable. The findings showed that financial access significantly influenced MSME growth, while digital marketing had no direct impact. Additionally, financial literacy moderated the relationship between financial access and MSME growth but did not moderate digital marketing.

Based on previous research, this study aims to bridge the gap by examining the relationship between sales turnover and financial reporting capabilities, with financial access as a moderating variable. Unlike prior studies that primarily focused on financial literacy or inclusion, this research introduces financial access as a moderating factor, assuming that better financial access strengthens the relationship between sales turnover and financial reporting capabilities. This study is expected to contribute to academic literature while providing practical recommendations for MSME practitioners in improving financial reporting through enhanced financial access.

2.8 CONCEPTUAL FRAMEWORK



Source: Data processed by the author



Source: Data processed by the author

III. RESEARCH METHODOLOGY

This study employs a quantitative approach with a causal research design to examine the impact of sales turnover and financial access on financial reporting capability among MSMEs in Malang City

3.1 Population and Sampling

The study focuses on MSMEs in Malang City that apply SAK EMKM in their financial reporting. A purposive sampling method was used to select MSMEs based on the following criteria:

- Having been in operation for at least one year,
- Actively implementing SAK EMKM in their financial records, and
- Willing to participate by completing the survey.

From a total of 29,058 MSMEs recorded by Badan Pusat Statistik Kota Malang (2024), the sample size was calculated using Slovin's formula:

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

$$n = \frac{29.058}{291.64}$$

$$n = 99.64$$

Since the calculated sample size is approximately 100, the researcher opted for a larger sample of 125 MSMEs to account for potential non-responses and ensure a more representative selection of participants. The use of purposive sampling helps ensure that the selected MSMEs provide valuable insights into the practical application of SAK EMKM in financial reporting.

3.2 Data Collection and Analysis

The study collected primary data through structured questionnaires, which were distributed both in person and online via Google Forms. Alongside the questionnaire, the researcher conducted direct observations and informal interviews, engaging MSME owners in spontaneous discussions about their financial practices. This method allowed for a more comprehensive understanding of their financial management and helped validate the accuracy of the responses.

To analyze the data, statistical methods were applied to evaluate the relationships between variables and test the proposed hypotheses. The findings are expected to offer empirical evidence on the influence of financial management practices on MSME transparency. Ultimately, this research aims to support improved financial governance and provide policy recommendations for MSMEs in Indonesia.

3.3 INSTRUMENT TESTING

3.3.1 VALIDITY TEST

According to Sugiyono (2022), a validity test is a process used to determine how well an instrument measures the aspects it is intended to measure. The validity test is related to the accuracy of measurement results. The criteria for validity testing are as follows:

1. If sig (2-tailed) < α (0.05), the questionnaire is considered valid.
2. If sig (2-tailed) > α (0.05), the questionnaire is considered invalid.

3.3.2 RELIABILITY TEST

This test is conducted to determine the consistency of data measurements when repeated with the same subjects. According to Sugiyono (2022), a reliable instrument is one that, when used multiple times on the same object, produces consistent results. The purpose of this test is to assess whether the data measurement results remain stable when repeated. Reliability indicates consistency or stability; an instrument is considered reliable if its results remain stable and trustworthy. Data is deemed reliable if it is greater than 0.600.

3.4 CLASSICAL ASSUMPTION TESTS

Classical assumptions are conditions that must be met before conducting multiple regression analysis. The objective is to ensure that the regression equation obtained is accurate in estimation, free from bias, and consistent. The common classical assumption tests include normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test (Saputri, 2023).

3.4.1 HETEROSCEDASTICITY TEST

The heteroscedasticity test examines whether there is a variance difference in residuals across different observations in the regression model. This test aims to determine whether there is an unequal variance of residuals among observations in the regression analysis. A good regression model should not exhibit heteroscedasticity. The testing criteria state that if the significance value between the independent variable and residuals is > 0.05, there is no heteroscedasticity issue (Saputri, 2023).

3.4.2 MULTICOLLINEARITY TEST

The multicollinearity test is used to evaluate whether there is a correlation between independent variables in a regression model. An ideal regression model should not have correlations between independent variables. If such correlations exist, the model experiences multicollinearity issues (Zahro, 2023). In SPSS, multicollinearity is assessed using the Variance Inflation Factor (VIF) and tolerance values. If the VIF value is greater than 10 and the tolerance value is less than 0.10, multicollinearity is present, indicating a high correlation between independent variables. A good regression model should have VIF values below 10 and tolerance values above 0.10 to confirm the absence of multicollinearity.

3.5 REGRESSION EQUATION

The multiple linear regression equation used in this study follows the general formula:

$Y = \beta 0 + \beta 1.X1 + \beta 2.X2 + \epsilon$

Source: Sugiyono (2024)

Where:

Y = Financial Transparency (Dependent Variable)

β_0 = Intercept (Constant)

β_1, β_2 = Regression Coefficients for Independent Variables

X_1 = Capital Sources (Independent Variable 1)

X_2 = Reliability of Financial Records (Independent Variable 2)

ε = Error Term

The regression coefficients (β_1 and β_2) indicate the extent to which the independent variables affect the dependent variable. A positive coefficient suggests a direct relationship, while a negative coefficient suggests an inverse relationship. The error term (ε) accounts for variability in Y that cannot be explained by X_1 and X_2. The significance of this model is evaluated using the F-test to determine overall model fit and the T-test to assess the significance of individual predictors. Additionally, the coefficient of determination (R^2) measures the proportion of variance in Y explained by the independent variables.

IV.RESULTS AND DISCUSSIONS

4.1 INSTRUMENT TESTING

4.1.1 VALIDITY AND RELIABILITY TEST

Q	Calculated R	Critical R	Result
X.1	0,992	0,1757	Valid

X.2	0,992	0,1757	Valid
M.1	0,801	0,1757	Valid
M.2	0,859	0,1757	Valid
M.3	0,842	0,1757	Valid
M.4	0,843	0,1757	Valid
Y.1	0,852	0,1757	Valid
Y.2	0,839	0,1757	Valid

Source: Data processed by the author

Variable	Cronbach's Alpha	Result
Sales Turnover (X)	0,983	Reliable
Financial Reporting Skill (Y)	0,854	Reliable
Financial Access (M)	0.863	Reliable

Source: Data processed by the author

The validity test results confirm that all research instruments fulfill the validity requirements, as the R Calculated values are consistently higher than the R Table value of 0.1757. This indicates that each variable has a strong and significant correlation with its respective construct.

Since all R Calculated values surpass the threshold, it can be inferred that the measurement instruments effectively capture the intended variables. This suggests that independent variables such as Capital Sources and Reliability of Financial Records significantly contribute to Financial Transparency.

Additionally, the reliability test results further support these findings. The Cronbach's Alpha values for all variables exceed the acceptable threshold, demonstrating a high level of internal consistency. This ensures that the research instruments are reliable and suitable for further analysis.

4.2 Classical Assumption Tests

4.2.1 Normality Test

One Sample Kolmogorov Smirnov		
Monte Carlo Sig. (2-tailed)	Sig.	.059
	Lower Bound	.053
	Upper Bound	.065

Source: Data processed by the author

The normality test results using the One-Sample Kolmogorov-Smirnov test with the Monte Carlo method show a significance value (*Sig.*) of 0.059. Since this value is greater than the standard significance threshold of 0.05, it indicates that the data follows a normal distribution.

The lower and upper bounds of the significance value, 0.053 and 0.065 respectively, further confirm that the data distribution remains within an acceptable range for normality. These results suggest that the assumption of normality is met, allowing for the application of parametric statistical tests in further analysis.

4.2.2 Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,513	0,326		4,648	0,000
	Sales Turnover (X)	-0,068	0,038	-0,160	-1,803	0,074

Source: Data processed by the author

The heteroscedasticity test results, based on the regression analysis, show that the significance value (Sig.) for the independent variable sales turnover (x) is 0.074. Since this value is greater than the standard significance threshold of 0.05, it indicates that there is no heteroscedasticity in the data. The absence of heteroscedasticity suggests that the variance of the residuals is consistent across different levels of the independent variable. This ensures that the assumption of homoscedasticity is met, which is essential for the validity of regression analysis. Thus, the regression model can be considered reliable for further statistical analysis.

4.2.4 Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7,866	0,580		13,553	0,000		
	Sales Turnover (X)	-0,067	0,067	-0,090	-0,998	0,320	1,000	1,000

Source: Data processed by the author

The multicollinearity test results indicate that the independent variable TOTALX1 has a *Tolerance* value of 1.000 and a *Variance Inflation Factor (VIF)* of 1.000. Since a VIF value below 10 and a *Tolerance* value above 0.1 suggest no multicollinearity, this confirms that there is no strong correlation between independent variables in the model.

This means that sales turnover (X) can be used reliably in the regression analysis without concerns about redundancy or distortion in the coefficient estimates. With a *B* value of -0.067 and a significance level of 0.320, the variable does not significantly influence the dependent variable at a 5% significance level, reinforcing the stability of the model.

4.5 Regression Equation

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	*t*	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.866	0,58		13.553	<0.001		
	Sales Turnover (X)	-0,067	0,067	-0,09	-0,998	0,32	1.000	1.000

Source: Data processed by the author

The regression equation obtained from the analysis is:

Y = 2.717 + 0.327 X + 0.399 M + 0.16XM + e

4.6 F-Test (Simultaneous Significance Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,316	1	1,316	0,995	.320[b]
	Residual	162,732	123	1,323		
	Total	164,048	124			

Source: Data processed by the author

The ANOVA test results indicate that the F-statistic is 0.935 with a significance value (Sig.) of 0.320. Since the significance value is greater than the standard threshold of 0.05, this suggests that the independent variable sales turnover (X) does not have a statistically significant effect on the dependent variable TOTALLY in the regression model.

The Sum of Squares for regression is 1.316, while the residual Sum of Squares is 162.732, indicating that the majority of the variance in the dependent variable is explained by factors other than the independent variable sales turnover (X). This further supports the conclusion that the regression model does not significantly explain variations in the dependent variable. Thus, based on the F-test, we fail to reject the null hypothesis, meaning that the independent variable TOTALX1 does not significantly contribute to explaining changes in TOTALLY. This implies that other variables may need to be considered to better explain the dependent variable.

4.7 T-Test (Partial Significance Test)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7,866	0,580		13,553	0,000
	Sales Turnover (X)	-0,067	0,067	-0,090	-0,998	0,320

Source: Data processed by the author

The t-test results in the coefficients table show that the independent variable sales turnover (X) has a t-statistic of -0.998 with a significant value (Sig.) of 0.320. Since the value of significance is greater than 0.05, this indicates that sales turnover (X) does not have a statistically significant effect on the dependent variable.

The B value of -0.067 suggests that for every unit increase in TOTALX1, the dependent variable is expected to decrease by 0.067 units, but this effect is not statistically significant. Additionally, the Beta value of -0.090 indicates a weak negative relationship between TOTALX1 and the dependent variable.

On the other hand, the constant (intercept) has a significant effect, with a t-statistic of 13.553 and a significance value of 0.000 ($p < 0.05$). This means that when TOTALX1 is zero, the expected value of the dependent variable is 7.866, which is statistically significant.

4.8 Coefficient of Determination (R Square - R^2):

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774[a]	0,599	0,596	1,700

Source: Data processed by the author

The coefficient of determination (R^2) is 0.599, meaning 59.9% of the variation in the dependent variable is explained by the independent variable(s), indicating a moderately strong relationship. The adjusted R^2 of 0.596 confirms the model's reliability, minimizing the risk of overfitting. The R value of 0.774 suggests a strong positive correlation, while the standard error of 1.700 reflects the model's predictive accuracy.

Overall, the model demonstrates good explanatory power, though 40.1% of the variance remains influenced by other factors. This suggests the need for additional variables to further enhance predictive accuracy.

4.9 Discussion

The findings of this study indicate that the independent variable sales turnover (X) does not have a statistically significant impact on the dependent variable, as demonstrated by the t-value of -0.998 and a significance level (p-value) of 0.320. This suggests that sales turnover (X) does not significantly influence the dependent variable at the 5% significance level. The regression coefficient (B) of -0.067 implies a negative relationship, but this effect is not strong enough to be considered statistically meaningful. These findings align with previous research indicating that certain independent variables may not always directly contribute to the dependent variable, particularly in specific contextual or industry settings. Future studies should consider additional factors that may influence the dependent variable more substantially.

The results of the F-test further support this conclusion, with an F-statistic of 0.935 and a p-value of 0.320, indicating that the independent variable sales turnover (X) does not significantly explain variations in the dependent variable. The coefficient of determination (R^2) is 0.599, meaning that 59.9% of the variance in the dependent variable is accounted for by the model, while the remaining 40.1% is influenced by other factors not included in the study. The adjusted R^2 value of 0.596 confirms the model's reliability. Despite the moderate explanatory power of the model, additional variables should be considered to improve predictive accuracy. Future research could explore other influencing factors or introduce moderating variables to refine the regression model and enhance its practical implications.

V. CONCLUSION

5.1 Summary

This study investigates the impact of turnover on the financial report-making abilities of MSMEs in Malang City, with financial access as a moderating variable. Data was collected from 125 MSMEs through structured questionnaires, observations, and interviews. The findings indicate that while sales turnover is essential for business sustainability, it does not significantly impact the financial reporting capabilities of MSMEs. The regression analysis shows no significant effect of sales turnover on financial reporting ability, with a t-value of -0.998 and a p-value of 0.320. The regression coefficient (B) of -0.067 suggests a negative but statistically insignificant relationship. The F-test results, with an F-statistic of 0.935 and a p-value of 0.320, further confirm that sales turnover does not significantly explain variations in the dependent variable. The model's R^2 value of 0.599 indicates that 59.9% of the variance is accounted for, while the remaining 40.1% is influenced by other factors. The study underscores the importance of financial access in enhancing financial transparency and accountability. Improved financial access can help MSMEs invest in technology and training, thereby improving financial record-keeping and overall business performance. Future research should consider additional variables such as financial literacy, technological adoption, and management practices to provide a more comprehensive understanding of the factors influencing financial reporting capabilities.

5.2 LIMITATIONS

Despite its contributions, this study has several limitations:

1. The study was conducted with a sample size of 125 MSMEs in Malang City, which may not be representative of all MSMEs in Indonesia. The findings might not be generalizable to other regions with different economic conditions and business environments.
2. The reliance on structured questionnaires, direct observations, and informal interviews may introduce biases. Respondents might provide socially desirable answers or may not fully understand the questions, affecting the accuracy of the data.
3. The study focuses primarily on sales turnover and financial access as variables influencing financial reporting capabilities. Other potential factors, such as financial literacy, technological adoption, and management practices, were not considered, which could provide a more comprehensive understanding of the issue.
4. The research employs a cross-sectional design, capturing data at a single point in time. This approach does not account for changes over time, limiting the ability to observe long-term trends and causal relationships.
5. The study uses specific indicators to measure financial access, which may not capture the full spectrum of financial services available to MSMEs. The complexity and diversity of financial products and services might require a more nuanced approach.

5.3 RECOMMENDATIONS

1. Future research should include a larger and more diverse sample of MSMEs from different regions in Indonesia to enhance the generalizability of the findings. This would provide a more comprehensive view of the financial reporting capabilities across various contexts.
2. To gain a deeper understanding of the factors influencing financial reporting capabilities, future studies should consider including variables such as financial literacy, technological adoption, management practices, and external economic conditions.
3. Conducting longitudinal studies would allow researchers to observe changes over time and establish causal relationships between turnover, financial access, and financial reporting capabilities. This approach would provide more robust insights into the dynamics of MSME financial management.
4. Utilizing a combination of qualitative and quantitative data collection methods, such as in-depth interviews, focus groups, and case studies, can provide richer and more accurate data. This would help mitigate biases and enhance the validity of the findings.
5. Future research should adopt a more comprehensive framework for measuring financial access, considering the diversity of financial products and services available to MSMEs. This would provide a more accurate assessment of how financial access impacts financial reporting capabilities.
6. Policymakers and financial institutions should use the insights from this study to develop targeted financial education programs and funding policies that address the specific needs of MSMEs. Enhancing financial literacy and access to diverse financial services can improve the financial management and sustainability of MSMEs.

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