

## SYSTEMATIC LITERATURE REVIEW: FINANCIAL, TECHNOLOGY, AND CORPORATE GOVERNANCE LITERACY FOR MSMEs REPORTING QUALITY

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### Abstract :

Micro, Small, and Medium Enterprises (MSMEs) often struggle to produce quality financial reports due to limited financial literacy, inadequate use of technology, and weak corporate governance practices. These limitations hinder transparency, reduce accountability, and restrict access to external funding. This study aims to explore the contribution of financial literacy, technology adoption, and corporate governance to the quality of financial reporting among MSMEs. Using a Systematic Literature Review (SLR) approach, the study analyzed 13 peer-reviewed articles published between 2020 and 2025. The review followed the PRISMA protocol and applied a thematic analysis framework based on Agency Theory. The findings reveal that while each factor such as financial literacy, technology, and governance have a positive impact, their integration plays a more significant role in improving the accuracy, transparency, and accountability of MSME financial reports. The study concludes that a combined approach involving knowledge, digital tools, and internal control mechanisms is essential to strengthening the trust of external stakeholders and enhancing the financial credibility of MSMEs.

**Keywords :** *Financial literacy, technology, corporate governance, financial reporting, MSMEs*

### Abstrak :

Usaha Mikro, Kecil, dan Menengah (UMKM) sering kali kesulitan menghasilkan laporan keuangan yang berkualitas karena keterbatasan literasi keuangan, penggunaan teknologi yang tidak memadai, dan praktik tata kelola perusahaan yang lemah. Keterbatasan ini menghambat transparansi, mengurangi akuntabilitas, dan membatasi akses ke pendanaan eksternal. Studi ini bertujuan untuk mengeksplorasi kontribusi literasi keuangan, adopsi teknologi, dan tata kelola perusahaan terhadap kualitas pelaporan keuangan di kalangan UMKM. Dengan menggunakan pendekatan Tinjauan Literatur Sistematis (SLR), studi ini menganalisis 13 artikel yang ditinjau sejawat yang diterbitkan antara tahun 2020 dan 2025. Tinjauan tersebut mengikuti protokol PRISMA dan menerapkan kerangka kerja analisis tematik berdasarkan Teori Keagenan. Temuan tersebut mengungkapkan bahwa meskipun masing-masing faktor seperti literasi keuangan, teknologi, dan tata kelola memiliki dampak positif, integrasinya memainkan peran yang lebih signifikan dalam meningkatkan akurasi,

transparansi, dan akuntabilitas laporan keuangan UMKM. Studi ini menyimpulkan bahwa pendekatan gabungan yang melibatkan pengetahuan, perangkat digital, dan mekanisme kontrol internal sangat penting untuk memperkuat kepercayaan pemangku kepentingan eksternal dan meningkatkan kredibilitas keuangan UMKM.

**Kata Kunci:** Literasi keuangan, teknologi, tata kelola perusahaan, pelaporan keuangan, UMKM

## INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a very important role for the Indonesian economy (Ismail et al., 2023). MSMEs are the type of economic activities that are most widely carried out by the Indonesian people and are the main focus in earning income and survival (Kabupaten et al., 2018). In addition to absorbing labor and reducing poverty, this sector also contributes greatly to the Gross Domestic Product (GDP). Therefore, MSMEs have an important role for the Indonesian state (Bakrie et al., 2024). In order for MSMEs to carry out these strategic roles optimally, they need the support of a strong and organized financial management system. Especially in the form of quality financial reporting (Suyadi et al., 2018).

Quality financial reports are essential for MSMEs because they can provide a clear picture of their financial position, business performance, and cash flow over a period of time (Humayro et al., 2025). The information generated from financial statements helps MSME actors in making the right decisions, planning business strategies, and measuring the level of success and operational efficiency (Meita Gustina et al., 2024). Systematically and accurately prepared financial reports also help measure the level of success and operational efficiency (Lubis & Lufriansyah, 2024). Although the preparation of quality financial reports is very important for MSMEs, challenges and obstacles are inevitable in making quality financial reports (Yuliati et al., 2019).

Business actors face the main challenge in compiling quality financial reports is the lack of financial literacy (Resti Gustika et al., 2024). The ability to understand finance includes not only basic knowledge of income and expenses, but also the ability to organize finances thoroughly and create financial reports that conform to accounting standards (Mulyanti & Nurhayati, 2022). Based on previous research that has been conducted by Caroline & Mahanani, (2025) shows that around 60% of MSMEs in Indonesia are still experiencing difficulties in managing business finances, including in making systematic and informative financial reports. This research results show that business actors do not understand finance enough to produce systematic and informative financial reports. Business actors tend to use simple recording methods that do not reflect their actual financial condition because they do not understand accounting concepts such as accrual-based recording and the presentation of financial position reports (Meldona et al., 2023). As a result, the financial statements created become inaccurate and difficult to use for business decision-making and obtaining external financing (Nasrah & Ratna, 2024). In addition to low financial literacy, mastery of the use of information technology is also a potential obstacle faced by MSMEs in producing quality financial reports

(Oktaviranti & Alamsyah, 2023).

One of the problems faced by MSMEs in making effective financial reports is the lack of ability to use information technology (Nova & Asih Triatmaja, 2024). Over time, financial reporting and recording increasingly relies on technology-based systems such as financial software or accounting applications (Indriastuti & Permatasari, 2022). However, most MSMEs do not have the ability to take advantage of this technology (Abdalla et al., 2024). This increases the likelihood of errors and non-compliance with reporting standards because the recording process is still done manually and inefficiently. In addition, this study shows that only a small percentage of MSMEs have "gone digital"; This shows that the low use of information technology is a real obstacle to improving the quality of financial statements. In addition to financial literacy and mastery of information technology, corporate governance is also a challenge faced by MSMEs in making quality financial reports (Erawati & Fajriati, 2023).

Weak corporate governance is one of the main obstacles for MSMEs in producing accurate and quality financial reports (Djuwari, 2024). Many MSMEs have not implemented proper financial management principles, such as the separation between personal and business finances, unsystematic recording of assets and debts, and lack of transparency in the process of preparing financial statements (Mellinia et al., 2023). As a result, the financial information generated is untrustworthy, which hinders access to financing and proper strategic decision-making (Pariska et al., 2024). The lack of a good governance structure also leads to low accountability and internal oversight, which in turn poses a risk to the long-term sustainability of the business (Laili et al., 2024). For this reason, strengthening good financial governance is very important in improving the quality of MSME financial statements and supporting business growth and competitiveness. Therefore, financial literacy, technology, and corporate governance are factors that have the potential to affect the quality of MSME financial reporting (Aisanafi, 2024).

Various previous studies have examined the role of financial literacy, technology, and corporate governance in improving quality financial reporting, especially in the MSME sector. According to research, Sularsih & Wibisono, (2021) said that financial literacy and technology have a positive influence on improving the quality of MSME financial reporting and governance has a non-significant influence on improving the quality of MSME financial reporting. On the other hand, the results of the study Nafisa Amalia Afifah & Eko Triyanto, 2023 show that financial literacy, technology, and corporate governance (in this case through accounting information systems) have a significant influence on improving the quality of MSME financial reporting. From the differences in the results of the above research, it can be seen that there is a research gap related to the contribution of the three variables raised in this study and has not been systematically described about the clear contribution between financial literacy, technology adoption, and corporate governance to the quality of financial reporting, especially in the MSME sector.

Based on these problems, this study aims to identify and analyze the contribution of financial literacy, technology adoption, and corporate governance to the quality of MSME financial reporting based on studies that have been published in the last five years. This research is important to conduct because of the lack of literature review related to three variables that mutually reinforce their contribution to the quality of MSME financial reporting. This study uses Agency Theory as the main theoretical foundation. This theory describes the relationship between the mandated party (principal, such as investors or creditors) and the mandated party (agents, in this case MSME actors) to manage resources and convey accurate information through financial statements. In this context, financial literacy, technology utilization, and corporate governance are seen as three mechanisms that can strengthen the role of agents in delivering transparent and accountable information. Financial literacy helps agents understand reporting obligations; technology is a tool that improves the efficiency and accuracy of information; Meanwhile, governance acts as a mechanism for internal supervision and control. These three factors contribute to reducing information asymmetry and potential conflicts of interest between agents and principals.

The results of this study are expected to make a significant contribution as a reference and practical reference for business actors, readers, and stakeholders in an effort to improve the quality of MSME financial reporting. By referring to the three main variables studied, namely financial literacy, technology utilization, and corporate governance, the findings of this study provide a comprehensive understanding of the key factors that affect the transparency, accuracy, and accountability of financial statements. Business actors can use this information as a basis for developing internal capacity, adopting appropriate technology, and building a more structured and trustworthy management system. For readers and academics, the results of this research are also expected to enrich scientific studies in the field of MSME finance, while for the government and policymakers, these findings can be a reference in formulating strategies or policy interventions to strengthen a more transparent and competitive financial reporting system.

## RESEARCH METHOD

This study uses the Systematic Literature Review (SLR) approach which is compiled based on the principles and stages of PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses). SLR is a systematic, structured, and transparent scientific approach to identifying, evaluating, and synthesizing relevant literature on a specific topic (Carrera-Rivera et al., 2022). This approach aims to produce a comprehensive thematic mapping of the results of previous research (Azarian et al., 2023). This method aims to compile a comprehensive scientific summary of previous studies through clear stages, such as the formulation of research questions, literature searches with specific keywords, and the selection and analysis of data based on inclusion and exclusion criteria (Erbara & Destiny, 2022).

The literature was collected from academic databases such as Google Scholar, SINTA, Mendeley, and Publish or Perish, using keywords such as "*MSME financial reporting quality*", "*MSME financial literacy*", "*MSME financial technology*", and "*MSME corporate governance*". The selected articles are publications between 2020 and 2025 to guarantee the novelty and relevance of the findings

### **Formulation of Research Questions**

The main questions in this study are:

How do financial literacy, technology adoption, and corporate governance contribute to the quality of MSME financial reporting?

### **Literature Search Strategy**

The search for these articles is carried out through academic databases, such as Google Scholar, SINTA, Publish or Perish, and Mendeley, with a special focus on reputable journals. The keywords used are: quality of MSME financial reporting, financial literacy, technology, and corporate governance in MSMEs. The search was limited to articles published in the period 2020 to 2025 to ensure the relevance and novelty of the research.

### **Article Quality Analysis Criteria**

Article quality assessment is carried out descriptively based on several pre-defined criteria to ensure that only methodologically viable articles are further analyzed (Acosta et al., 2020). The criteria used include:

1. Reputation of the journal  
The selected articles are published in reputable scientific journals, both Sinta-accredited national journals and international journals. This selection aims to guarantee that the article has gone through a rigorous peer-review process and meets accountable academic standards.
2. Clarity of Purpose and Problem Formulation  
The article used must have a clear research objective and relevant to the topic of SLR, namely the quality of MSME financial reporting and the factors that affect it such as financial literacy, technology adoption, and corporate governance. The formulation of the problem must be explicitly described so that the analysis in the article can be used to answer the research questions in this SLR.
3. Suitability of Research Methods  
The methodology used in the article should be in accordance with the research question and the objectives to be achieved. Articles with quantitative, qualitative, or mixed research designs that are adequately explained and relevant to the context of MSMEs will be maintained. Research that does not explain the method clearly enough or is not appropriate for the topic is categorized as infeasible.
4. Relevance of Findings to the Study Topic  
The findings of each article are reviewed to assess the extent of their contribution to understanding the quality of MSME financial reporting. Articles that only address topics in general without a direct link to financial reporting or without linking financial literacy, technology, and governance



are considered irrelevant and excluded from the analysis.

5. **Clarity of Presentation of Results and Consistency of Arguments**

The selected article must present the results of the research in a systematic manner, with logical and consistent arguments from background to conclusion. Articles that do not have a clear mindset or conclusions that do not support the results of the analysis are considered less worthy of further analysis.

**Inclusion Criteria**

Inclusion criteria applied in finding relevant references:

1. Articles in Indonesian and English
2. The main focus is on the quality of MSME financial reporting and the factors that affect it such as financial literacy, technology adoption, and corporate governance
3. It is an empirical, quantitative, qualitative, or literature review study

**Exclusion Criteria**

1. Articles are not available in full text
2. Articles from blogs, opinions, or non-scientific sources
3. Articles that are not explicit discuss the quality of MSME financial reporting and the factors that affect it such as financial literacy, technology adoption, and corporate governance

**Data Analysis Techniques**

The data analysis in this study was carried out thematically with a deductive approach, referring to the main concepts in Agency Theory. Each selected article is analyzed based on the main themes derived from the theory. The three thematic categories analyzed are as follows:

1. **Information asymmetry in financial reporting** This theme examines how financial literacy and the use of technology can help MSME actors (agents) in reducing the information gap between them and external parties (principals), so that they can produce more transparent and reliable financial reports.
  2. **Supervision and governance mechanisms** The analysis on this theme focuses on the role of governance structures, such as accountability, transparency, and separation of personal and business finances, as an internal control tool that strengthens the quality of financial reporting by agents.
  3. **Agent compliance and accountability** This theme assesses the extent to which MSME actors comply with financial reporting standards as a form of responsibility (accountability) to principals. The analysis was carried out by looking at the contribution of financial and technology literacy to the discipline and compliance of business actors in the reporting process.
1. With this approach, the analysis not only focuses on the content of each article descriptively, but also seeks to understand the conceptual contribution of the literature studied in explaining the relationship between agents and principals in the context of MSME financial reporting.

**Supporting Instruments**

Data sources are derived from secondary literature. Therefore, no experimental instruments or surveys were used. For reference management, Mendeley software is used to maintain consistency and efficiency in citations and library management.

### **Identify Research Gaps**

Literature gaps were identified from inconsistent findings between previous studies regarding the contribution of each variable to reporting quality. Some studies have found that governance has no significant effect, while other studies state all variables have a positive contribution. In addition, there has been no study that systematically integrates these three variables in a single comprehensive study based on a strong theoretical framework. This is the basis of this research.

### **Theoretical Framework: Agency Theory**

This study uses Agency Theory as the main theoretical foundation to interpret and analyze the findings of various studies studied in the Systematic Literature Review (Linh, 2024). Agency theory describes the relationship between two parties, namely the principal (such as investors, creditors, or the government) and the agent (business actors/MSMEs), where the agent is authorized to manage resources and is required to convey accurate and transparent information to the principal. In the context of MSME financial statements, business actors act as agents who are responsible for presenting accurate financial information to external parties as principals. However, this relationship is susceptible to information asymmetry, which is a knowledge imbalance between agents and principals that can hinder objective and fair decision-making.

Through the literature reviewed, it can be seen that financial literacy, technology adoption, and corporate governance practices are the three main factors that are able to strengthen the position of agents in compiling reliable financial statements.

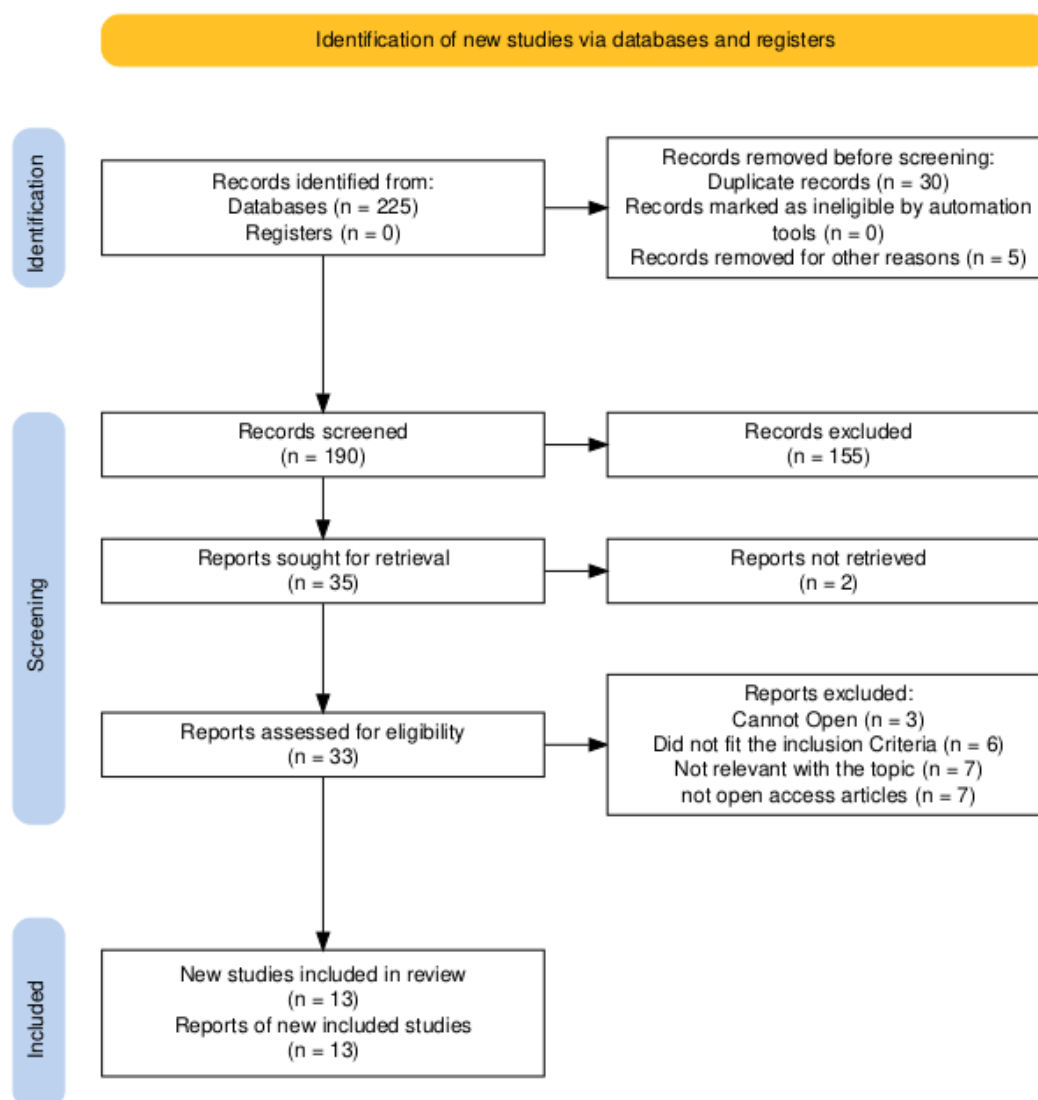
1. Financial literacy helps agents understand reporting obligations and basic accounting principles.
2. Technology functions as a tool to improve efficiency, accuracy, and regularity in the preparation of reports.
3. Corporate governance provides a control and supervision structure so that the reporting process takes place in a transparent and accountable manner.

Using Agency Theory as a framework for analysis, this study not only identifies the role of each factor separately, but also highlights how the three interact with each other in forming a healthy information relationship between agents and principals. This approach allows researchers to see the contribution of each variable in a broader context, namely efforts to reduce information asymmetry and improve the quality of MSME financial reporting.

### **Stages on SLR**

The stages taken in the selection of articles in accordance with the criteria that have been determined are explained in figure 1.

Figure 1.  
Study Selection Flow Diagram Using the PRISMA Method



The authors use the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) method to filter and select articles that are relevant to the research topic. This process is carried out systematically through several stages, namely identification, screening, eligibility, and inclusion.

#### Identification Stage

The authors collected articles from academic databases using specific keywords relevant to the research topic. A total of 225 articles were identified through databases such as Google Scholar, SINTA, Mendeley, and Publish or Perish. At this stage, the authors removed 30 duplicate articles and 5 articles for other reasons (such as incomplete metadata or retrieval errors). No articles were excluded by automation tools. As a result, 190 articles proceeded to the screening stage.



### Screening Stage

In this stage, the authors screened 190 articles by reading the titles and abstracts to assess their relevance. Based on this screening process, 155 articles were excluded because they did not meet the preliminary criteria or were not relevant to the research topic. Therefore, 35 articles were selected to be retrieved in full-text format. However, 2 of these reports could not be accessed, so only 33 articles moved forward to the next stage.

### Eligibility Stage

The 33 accessible full-text articles were then assessed for eligibility based on the predefined inclusion and exclusion criteria. After careful evaluation, 20 articles were excluded due to the following reasons: 3 articles could not be opened, 6 articles did not meet the inclusion criteria, 7 articles were not relevant to the topic, and 7 were not open-access publications, making them inaccessible for full review.

### Inclusion Stage

After passing through all the rigorous selection stages, 13 articles were finally included in the systematic literature review. These selected studies met all inclusion criteria and were considered suitable to support the analysis and discussion in this research

## FINDINGS AND DISCUSSION

Some of the research and development carried out in the last five years related to financial literacy, technology and corporate governance in improving the quality of MSME financial statements are presented in table 1 below.

**Table 1. Literature Review**

No	Research Title	Author and Year	Research Results
1.	The Influence of Digital Marketing, Financial Literacy, Financial Technology and Financial Inclusion on MSME Income in Salatiga City	(Dwi & Rahmawati, 2025)	Financial literacy and financial technology have a significant influence on the income of MSMEs; Digital marketing also contributes to expanding the market; corporate governance is not explicit but financial inclusion supports MSME financing access
2.	The Influence of Financial Literacy and Financial Technology on the Financial Management of MSME Actors in Liliba Village, Kupang City	(Demetrius & Yusbardin, 2025)	Financial literacy and financial technology have a significant positive effect on the financial management of MSMEs, which has implications for improving the quality of financial statements
3.	Analysis of Financial Literacy and	(Saharuddin et al., 2025)	Financial literacy in the high category of MSMEs, information

	Information Technology Levels at Malioboro Terrace MSMEs in 2024		technology literacy in the medium category, both helping financial management and the use of technology to improve the quality of financial statements
4.	Analysis of the Implementation of Governance in Micro, Small, and Medium Enterprises (MSMEs) in West Semarang Regency	(Sabrina, 2021)	The implementation of corporate governance in MSMEs has been going well, especially in terms of accountability and accountability that contribute to business management. However, transparency and independence are still weak, which has the potential to reduce the quality of MSME financial statements.
5.	Strengthening Financial Governance of Micro, Small, and Medium Enterprises (MSMEs) to Improve the Quality of Financial Statements	(Utami et al., 2023)	Good financial governance has a significant positive effect on improving the quality of MSME financial statements. Structured financial management practices improve the accuracy, reliability, and transparency of financial statements to support MSME performance and access to financing
6.	The Effect of Level of Education, Accounting Knowledge, and Utilization of Information Technology Toward Quality of MSME's Financial Reports	(Hanifah et al., 2020)	The level of education, accounting knowledge, and the use of information technology have a significant positive effect on the quality of MSME financial statements
7.	Determinants of Quality of Regional Financial Reports in Central Java Province Using Fraud Triangle Theory	(Sinto & Maria, 2023)	Governance and internal control factors contribute to the quality of regional financial statements, relevant for MSMEs
8.	Enhancing MSME Financial Reporting in East Java: The Role of Mentorship	(Nasyiah & Nandiroh, 2024)	Mentoring, financial literacy, and financial inclusion contribute significantly to improving the quality of MSME financial reporting
9.	The Role of Accounting	(Suhendi et al., 2022)	Accounting information system improves the accuracy

	Information Systems on Financial Reporting Quality of MSMEs		and consistency of MSME financial statements
10.	Financial Literacy and Digital Innovation on MSMEs Performance	(Kirana et al., 2024)	Financial literacy and digital innovation improve the performance of MSMEs through business sustainability and better financial management
11.	Implementation of Good Corporate Governance on MSMEs in Indonesia and Amerika	(Asfufi & Pratiwi, 2024)	GCG principles such as transparency, accountability, responsibility, independence, fairness, and management capabilities in the fields of finance and technology have proven to be important to improve the quality of MSME reports to be more accurate, transparent, and reliable, thereby supporting business competitiveness and sustainability.
12.	Corporate Governance and Financial Reporting Transparency in Indonesian SMEs	(Winoto, 2024)	Effective corporate governance improves the transparency of the company's financial statements.
13.	Quality Of Financial Statement And The Factors That Influence It	(Pangaribuan et al., 2023)	The implementation of accounting standards and internal control systems has a significant effect on the quality of financial statements

Based on a review of 13 previous studies that discussed financial reporting on MSMEs in Indonesia, it was found that most studies emphasized the importance of financial literacy in improving the quality of management and financial reports. Research conducted by Demetrius & Yusbardin (2025) and Saharuddin et al. (2025) shows that MSME actors who have a good financial understanding tend to be more disciplined in recording transactions and are able to compile reports in accordance with accounting standards.

In addition, several studies also reveal that the use of information technology, such as accounting applications and other digital systems, has a positive impact on the accuracy and consistency of financial statements. For example, Hanifah et al. (2020) and Suhendi et al. (2022) found that technology can help the recording process become more efficient and tidy. However, the study of Suhendi et al. also noted that not all MSMEs are able to optimally integrate the technology into their reporting systems.

On the other hand, the aspect of business governance is also an important concern in several studies. Research by Utami et al. (2023) and Asfufi & Pratiwi (2024) shows that the application of good governance principles, such as transparency, accountability, and internal control, contributes directly to improving the quality of financial statements. Even so, research from Sabrina (2021) found that there are still weaknesses in the aspects of transparency and independence in MSME governance, which can have a negative impact on the quality of the financial information produced.

Several other studies also added that supporting factors such as education level, accounting knowledge, business assistance, and financial inclusivity also affect the quality of MSME financial statements. For example, Nasyiah & Nandiroh (2024) show that business assistance helps MSME actors understand how to make more accurate and reliable financial reports.

Overall, the literature results show that improving the quality of MSME financial reports does not depend only on one factor, but is the result of a combination of various aspects, namely financial literacy, technology use, and good governance. These three factors complement each other in encouraging MSME actors to produce financial reports that are not only accurate, but also transparent and accountable.

#### **Financial Literacy: Reducing Information Asymmetry through Cognitive Competence**

According to Agency Theory, one major problem in the agent-principal relationship is information asymmetry. Financial literacy acts as a foundational competence that allows MSME actors (agents) to understand financial principles, thus reducing the gap in knowledge with external parties (principals). 10 out of 13 studies (e.g., Demetrius & Yusbardin, 2025; Saharuddin et al., 2025) show that increased financial literacy improves report accuracy, discipline in transaction recording, and conformity with financial standards. These studies highlight that literate MSME actors are more transparent, reducing agency costs and enabling better monitoring by principals.

However, some studies (e.g., Sabrina, 2021; Kirana et al., 2024) do not link financial literacy directly to reporting quality. Instead, they emphasize operational or behavioral outcomes. This inconsistency suggests that financial literacy is often assumed to be beneficial without examining whether it is actually applied in reporting practice, a key distinction that affects Agency Theory's application in the MSME context.

#### **Technology Adoption: Tools for Efficiency, Yet Barriers for Equity**

Agency Theory also emphasizes monitoring mechanisms to reduce opportunism. Technology serves this function by increasing transparency and reducing discretion in financial reporting. 9 studies (e.g., Dwi & Rahmawati, 2025; Hanifah et al., 2020) agree that accounting applications and digital systems improve report accuracy, speed, and accessibility. In this case, technology helps agents produce data that principals can rely on. However, a deeper synthesis reveals barriers:

1. Nova & Triatmaja (2024) note that many MSMEs lack access or digital skills.
2. Some MSMEs implement technology without integrating it into reporting systems (Suhendi et al., 2022), making its contribution superficial. This shows that technology alone is insufficient unless supported by literacy and governance. The result is fragmented digitalization that fails to reduce agency risk consistently across the sector.

### **Corporate Governance: The Missing Institutional Pillar**

From the lens of Agency Theory, corporate governance establishes rules and control mechanisms that align the agent's actions with the principal's interests. 8 studies (e.g., Utami et al., 2023; Winoto, 2024) demonstrate that good governance practices such as role separation, internal audits, and transparency and directly correlate with improved reporting quality. This reinforces the Agency Theory perspective that effective oversight reduces information manipulation.

However, other studies (e.g., Sabrina, 2021) report that MSMEs often lack governance structures or treat them merely as administrative requirements, not as strategic tools. This means that governance may exist in form but not in function, weakening its ability to control agency behavior. The findings suggest that governance effectiveness varies widely, depending on ownership structure, business scale, and financial orientation of MSMEs—factors rarely addressed in the literature.

### **Integrative Dynamics: A Missing Link in Most Studies**

Agency Theory suggests that a robust agent-principal relationship depends not on isolated improvements but on integrated systems that combine competence (literacy), tools (technology), and control (governance). Only 4 studies (e.g., Utami et al., 2023; Asfufi & Pratiwi, 2024) explore the interaction between the three factors. In these cases, synergy between financial literacy, technology, and governance produces not just technically sound reports, but trustworthy and strategically useful documents for both internal and external users. The majority of studies treat the three variables in siloed discussions, missing the systemic value of their interrelation. For example:

1. A literate entrepreneur with no governance may still manipulate data.
2. A digital tool without oversight becomes a neutral device.
3. Governance rules without understanding (literacy) may not be followed.

Thus, to fully realize the potential of Agency Theory, future studies must explore how the three variables reinforce or constrain each other in practical MSME settings.

## **CONCLUSION**

This research aims to understand how financial literacy, technology utilization, and the implementation of corporate governance can improve the quality of MSME financial statements in Indonesia. Based on the results of the study of 13 articles that were systematically analyzed through the Systematic Literature Review (SLR) approach, it can be concluded that the three variables have complementary contributions in creating more accurate, transparent, and



accountable financial reports.

First, financial literacy provides knowledge and skills to MSME actors in recording transactions, compiling reports, and understanding the importance of financial information. Second, the use of technology, such as the use of digital accounting applications, helps speed up the recording process and minimize human error in the preparation of reports. Third, good corporate governance allows for stronger internal supervision and encourages business actors to prepare financial statements more responsibly.

However, the results of the study also show that success in improving the quality of financial statements cannot be achieved by relying solely on one of the three factors separately. The integration between financial literacy, technology utilization, and good governance has proven to be much more effective in improving the quality of financial reporting. Therefore, MSME actors should not only focus on one aspect, but develop all three together. By referring to agency theory, this integration is able to reduce the information gap between business owners (agents) and external parties such as investors, creditors, or regulators (principals), thereby increasing trust in the financial information conveyed.

#### **Research Limitations**

This research has several limitations that need to be considered. First, the number of articles analyzed in this literature review is only 13 articles published in the last five years. This number may limit the breadth and depth of thematic analysis, and may not include all of the perspectives available in the broader literature. Second, all data used in this study are secondary and come from journal articles, so they do not describe the empirical conditions directly in the field. Third, the selection and assessment of article quality is carried out subjectively by the researcher, which may give rise to selection bias, even though the researcher has tried to use strict and systematic selection criteria.

#### **Suggestion**

Based on the limitations that have been identified, further research is recommended to combine a literature approach with an empirical approach in the field, such as surveys or direct interviews with MSME actors. This is important to know how the application of financial literacy, the use of technology, and corporate governance runs in real practice, as well as the obstacles they face. Research can also expand the focus on external factors that have not been widely discussed, such as the role of MSME companion institutions, government policy interventions, and the influence of the digital ecosystem on the quality of financial reporting. In addition, comparative studies between regions or countries can also be carried out to understand the differences in the application of the three variables in different contexts.

#### **Research Implication**

The implications of this study are divided into two main parts, namely academic and practical implications.

##### **Academic Implications**

Academically, this study makes a theoretical contribution in strengthening the Agency Theory approach in the context of MSMEs. This study emphasizes that efforts to reduce information asymmetry between business actors and external parties can not only be done through report transparency, but also through increasing cognitive capacity (literacy), tools (technology), and control mechanisms (governance). Therefore, academics are encouraged to explore more about the interconnectedness of these three variables in an interdisciplinary framework, as well as develop relevant evaluation models to assess the quality of MSME financial reporting.

### **Practical Implications**

The results of this study provide a useful overview for MSME actors to improve the quality of financial reporting through three main approaches: increasing financial literacy, utilizing digital technology, and implementing good business governance. Governments, financial institutions, and training providers can use these findings to develop integrated training and mentoring programs, not only teaching basic accounting, but also introducing financial technology and simple governance principles that can be applied by small businesses.

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