

Utilization of Financial Statement Information and Planning Orientation on the Quality of Business Decisions of Textile MSMEs in West Java

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ABSTRACT

This study aims to examine the influence of financial statement information utilization and planning orientation on the quality of business decisions among textile Micro, Small, and Medium Enterprises (MSMEs) in West Java. The research adopts a quantitative approach using a survey method involving 155 MSME owners and managers as respondents. Data were collected through structured questionnaires measured on a Likert scale and analyzed using SPSS version 25. The analytical techniques employed include descriptive statistics, validity and reliability tests, classical assumption tests, and multiple linear regression analysis. The results indicate that financial statement information utilization has a positive and significant effect on decision quality, suggesting that MSMEs that effectively use financial data tend to make more accurate and informed decisions. Planning orientation also demonstrates a positive and significant influence, indicating that structured and forward-looking planning enhances the effectiveness of business decisions. Simultaneously, both variables significantly affect decision quality, with a coefficient of determination (R^2) of 0.475, meaning that 47.5% of decision quality is explained by the two independent variables. This study contributes to the literature by integrating financial information utilization and planning orientation as key determinants of decision quality in MSMEs. Practically, the findings emphasize the importance of improving financial literacy and strengthening planning practices among textile MSMEs to enhance decision-making effectiveness and business sustainability.

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have long been recognized as a fundamental pillar of economic development,

particularly in emerging economies such as Indonesia. Their contribution extends beyond employment generation to include poverty reduction, innovation diffusion, and regional

economic resilience [1], [2]. In the context of West Java, MSMEs play a strategic role in sustaining local economies, with the textile sector emerging as one of the most dominant industries. This sector benefits from a well-established industrial ecosystem, availability of skilled labor, and strong linkages to both domestic and international markets. Despite these advantages, textile MSMEs continue to encounter structural and managerial constraints, particularly in terms of financial management practices, access to reliable information, and the capability to formulate strategic decisions [3]. These limitations often lead to inefficiencies and suboptimal business outcomes, ultimately hindering long-term competitiveness and sustainability.

In today's increasingly volatile and competitive business environment, the ability to make high-quality decisions has become a critical determinant of organizational success. Decision quality is generally reflected in the extent to which decisions are accurate, timely, and aligned with strategic objectives. However, in many MSMEs, especially within developing regions, decision-making processes are still largely intuitive and experience-based rather than data-driven [3], [4]. This reliance on informal approaches creates a disconnect between the availability of potentially valuable business information and its actual use in managerial decision-making. Consequently, MSMEs may fail to respond effectively to market dynamics, technological changes, and financial risks, which are particularly pronounced in the textile industry characterized by fluctuating demand, volatile input prices, and rapidly evolving consumer preferences.

One of the most crucial sources of information that can enhance decision-making quality is financial statement information. Financial reports serve as a structured representation of a firm's financial condition, providing insights into profitability, liquidity, efficiency, and risk exposure [5], [6]. When utilized effectively, such information enables business owners to evaluate past performance,

identify operational inefficiencies, and formulate evidence-based strategies for future growth. Nevertheless, existing literature consistently highlights that MSMEs often exhibit low levels of financial literacy and limited capacity in preparing and interpreting financial statements. As a result, financial information, although available, remains underutilized, thereby reducing its potential contribution to improving managerial decision-making.

Beyond financial information utilization, planning orientation also plays a pivotal role in shaping decision quality. Planning orientation reflects the extent to which entrepreneurs engage in systematic and forward-looking activities, including goal setting, strategic analysis, and resource allocation [2], [7]. Firms with a strong planning orientation are more likely to anticipate environmental uncertainties, adapt to market changes, and maintain strategic alignment over time. In the textile sector, where business conditions are highly dynamic due to changing fashion trends, supply chain disruptions, and cost volatility, the ability to plan proactively becomes a critical capability. Without a structured planning approach, MSMEs are more vulnerable to reactive decision-making, which often leads to inconsistent performance outcomes.

Although prior studies have examined the individual effects of financial information usage and planning orientation, empirical investigations that integrate these two constructs within a unified framework remain limited, particularly in the context of MSMEs in developing regions. Moreover, much of the existing research has focused on large-scale enterprises, thereby overlooking the unique characteristics and constraints faced by MSMEs. This gap is especially evident in sector-specific contexts such as textile MSMEs in West Java, where decision-making dynamics are influenced by both internal managerial capabilities and external market pressures. Therefore, a comprehensive understanding of how financial information utilization and

planning orientation jointly influence decision quality is essential for advancing both theory and practice.

In response to this gap, this study aims to examine the influence of financial statement information utilization and planning orientation on the quality of business decisions among textile MSMEs in West Java. Employing a quantitative research design with a sample of 155 respondents, this study utilizes statistical analysis to test the proposed relationships. The findings are expected to contribute to the literature by providing empirical evidence on the interaction between financial literacy-related practices and strategic orientation in shaping decision-making effectiveness. Furthermore, this research offers practical implications for MSME owners, policymakers, and development agencies in designing interventions that enhance managerial capabilities, promote data-driven decision-making, and support sustainable growth within the textile sector.

2. LITERATURE REVIEW

2.1. *Financial Statement Information*

Financial statement information refers to structured financial data presented in reports such as the balance sheet, income statement, and cash flow statement, which provide insights into a firm's financial position and performance. For MSMEs, these reports function not only as accountability tools but also as strategic instruments that support planning, control, and evaluation [2], [8]. From a decision-making perspective, financial information helps reduce uncertainty and improves the rationality of managerial choices. In line with the resource-based view, it can be considered a valuable resource that enhances a firm's capability to make informed decisions, particularly in understanding costs, monitoring profitability, and allocating resources

efficiently [9]. However, many MSMEs, especially in developing contexts, face challenges in preparing and utilizing financial statements due to limited financial literacy and accounting knowledge. As a result, decisions are often based on intuition rather than data-driven analysis. Therefore, the extent of financial statement information usage—reflected in the frequency of reporting, ability to interpret data, and its application in planning and decision-making—becomes a key factor influencing the quality of business decisions.

2.2. *Planning Orientation*

Planning orientation refers to the extent to which business owners or managers engage in systematic, future-oriented planning activities, including goal setting, anticipating future conditions, strategic resource allocation, and the development of action plans to achieve organizational objectives. In the context of MSMEs, planning orientation is essential for navigating uncertainty and maintaining competitiveness in dynamic markets [10], [11]. Rooted in strategic management theory, this concept emphasizes proactive behavior, where firms adopt structured decision-making approaches based on analysis, forecasting, and scenario evaluation rather than reactive responses. Such an orientation enables businesses to anticipate risks, seize opportunities, and align operations with long-term goals [12], [13]. In the textile MSME sector, planning orientation is particularly critical due to fluctuations in raw material prices, shifting consumer preferences, and intense competition. Business actors who consistently engage in planning activities—such as budgeting, sales forecasting, and production

scheduling—are more likely to make informed and consistent decisions. Therefore, planning orientation, reflected in goal-setting practices, the use of formal planning tools, the time horizon of planning, and the consistency of implementation, is expected to enhance the quality of business decisions in a more strategic and sustainable manner.

2.3. Quality of Business Decisions

The quality of business decisions refers to the extent to which decisions produce desired outcomes, are based on accurate and relevant information, and align with organizational objectives. High-quality decisions are generally characterized by effectiveness, efficiency, timeliness, and adaptability to changing conditions, making them a critical factor influencing the performance, growth, and sustainability of MSMEs [14], [15]. From a theoretical perspective, decision-making quality is shaped by the availability and utilization of information as well as the cognitive and behavioral characteristics of decision-makers. While rational decision-making models emphasize systematic analysis and objective evaluation, the concept of bounded rationality highlights the limitations individuals face in processing information—constraints that are often more pronounced in MSMEs due to limited resources and managerial capabilities [16]. Consequently, assessing decision quality involves both objective outcomes and subjective perceptions. In this study, decision quality is measured through indicators such as decision accuracy, effectiveness in achieving business goals, responsiveness to market changes, and overall satisfaction with decision

outcomes, reflecting both the process and results of managerial decision-making.

2.4. The Relationship Between Financial Statement Information and Decision Quality

The utilization of financial statement information is expected to positively influence the quality of business decisions, as financial data provides objective and quantifiable insights that support managers in evaluating alternatives, assessing risks, and forecasting outcomes. When MSME actors actively use financial statements, decision-making is more likely to be evidence-based rather than relying on intuition [4], [17]. Empirical evidence indicates that firms with better financial reporting practices demonstrate improved decision-making and overall performance. In the context of MSMEs, the effective use of financial information has been linked to enhanced cost control, more accurate pricing strategies, and more informed investment decisions [18], [19]. Therefore, it can be hypothesized that a higher level of financial statement information utilization leads to improved quality of business decisions.

2.5. The Relationship Between Planning Orientation and Decision Quality

Planning orientation is expected to positively influence the quality of business decisions, as it promotes systematic thinking, reduces uncertainty, and enhances the ability to anticipate future challenges. MSMEs that engage in structured planning are more likely to evaluate multiple alternatives and consider potential outcomes before making decisions, leading to more informed and rational choices [14], [20]. Previous studies have shown that planning-oriented firms tend to achieve better performance due

to their proactive management approach. In decision-making contexts, planning serves as a guiding framework that aligns actions with organizational goals and ensures consistency in execution. Therefore, a strong planning orientation contributes to more coherent, strategic, and effective decision-making processes.

2.6. Conceptual Framework and Hypothesis Development

Based on the theoretical and empirical review, this study proposes a conceptual framework in which financial statement information utilization and planning orientation act as independent variables influencing the dependent variable, namely the quality of business decisions. Financial statement information provides the analytical foundation for evidence-based decision-making, while planning orientation offers strategic direction that shapes how decisions are formulated and implemented. The integration of these two factors is expected to create a synergistic effect, leading to improved decision quality among MSMEs. Accordingly, the hypotheses of this study are formulated as follows:

H1: Financial statement information utilization has a positive and significant effect on the quality of business decisions.

H2: Planning orientation has a positive and significant effect on the quality of business decisions.

H3: Financial statement information utilization and planning orientation simultaneously have a positive and significant effect on the quality of business decisions.

3. RESEARCH METHODS

3.1. Research Design

This study employs a quantitative research approach using a survey method to examine the influence of financial statement information utilization and planning orientation on the quality of business decisions among textile MSMEs in West Java. The quantitative approach is chosen to enable objective measurement of variables and statistical testing of the proposed hypotheses. The design of this study is explanatory in nature, aiming to identify causal relationships between independent and dependent variables through empirical data analysis.

3.2. Population and Sample

The population of this study consists of textile MSME actors in West Java, including business owners and managers who are actively involved in operational and strategic decision-making. Due to the wide distribution and varying scale of MSMEs, this study employs a purposive sampling technique with specific criteria to ensure the relevance of respondents, namely: businesses operating in the textile sector, categorized as Micro, Small, or Medium Enterprises (MSMEs), respondents who are owners or managers involved in decision-making, and businesses that have been operating for at least one year. Based on these criteria, a total of 155 respondents were selected as the sample, which is considered adequate for statistical analysis, particularly for multiple regression testing.

3.3. Data Types and Sources

This study uses primary data collected directly from respondents through structured questionnaires designed to capture perceptions regarding the utilization of financial statement information, planning orientation, and the quality of business decisions. The variables are measured using a Likert scale ranging from 1 to 5, where 1 represents strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. The use of this scale enables the quantification of subjective perceptions, allowing the data to be analyzed using statistical methods.

3.4. Operational Definition of Variables

To ensure clarity and consistency in measurement, the variables in this study are operationally defined as follows: financial statement information utilization (X1) refers to the extent to which MSME actors prepare, understand, and use financial statements in decision-making processes, with indicators including the preparation of financial reports, understanding of financial information, use of financial data in decision-making, and frequency of financial analysis; planning orientation (X2) refers to the degree of emphasis placed on structured planning activities within the business, with indicators including goal setting, budgeting and forecasting, long-term planning, and consistency in plan implementation; and quality of business decisions (Y) refers to the effectiveness and accuracy of decisions made in managing business operations, with indicators including decision accuracy, effectiveness in achieving goals, timeliness of decisions, and adaptability to change.

3.5. Data Collection Techniques

Data collection was carried out by distributing questionnaires directly to respondents, both offline and online. Respondents were asked to provide answers based on their actual experiences in managing their businesses. Prior to distribution, the questionnaire was tested for clarity and relevance to ensure that it could effectively capture the intended data.

3.6. Data Analysis Techniques

The data analysis in this study was conducted using IBM SPSS Statistics 25 and involved several stages. First, descriptive statistics analysis was used to describe respondent characteristics and the distribution of responses for each variable. This was followed by validity testing to ensure that each questionnaire item accurately measures the

intended construct, where items are considered valid if the correlation coefficient exceeds the critical value. Reliability testing was then conducted to assess the consistency of the measurement instrument, with a Cronbach's Alpha value greater than 0.70 indicating acceptable reliability. In addition, classical assumption tests were performed to ensure the suitability of regression analysis, including normality, multicollinearity, and heteroscedasticity tests.

Furthermore, multiple linear regression analysis was applied to examine the effect of independent variables on the dependent variable using the model $Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$, where Y represents the quality of business decisions, X_1 denotes financial statement information utilization, X_2 represents planning orientation, α is the constant, β_1 and β_2 are regression coefficients, and ε is the error term. Hypothesis testing was carried out using the t-test to assess the partial effect of each independent variable and the F-test to evaluate their simultaneous effect. Additionally, the coefficient of determination (R^2) was used to measure the proportion of variance in the dependent variable explained by the independent variables.

4. RESULTS AND DISCUSSION

4.1. Respondent Profile

The study involved 155 respondents from textile MSMEs in West Java. Based on the collected data, the majority of respondents were business owners (68%), while the rest were managers (32%). In terms of business scale, 52% were micro enterprises, 34% small enterprises, and 14% medium enterprises. Most businesses had been operating for more than 3 years (61%), indicating relatively stable business experience.

4.2. Descriptive Statistics

Descriptive statistics were used to understand the general distribution of respondents' perceptions regarding each variable.

Table 1. Descriptive Statistics of Variables

Variable	N	Min	Max	Mean	Std. Deviation
Financial Statement Information Utilization (X1)	155	2.10	4.90	3.85	0.62
Planning Orientation (X2)	155	2.20	4.80	3.78	0.65
Decision Quality (Y)	155	2.30	4.95	3.92	0.58

Table 1 presents the descriptive statistics of the research variables based on 155 respondents. The results indicate that financial statement information utilization (X1) has a mean value of 3.85 with a standard deviation of 0.62, suggesting that respondents generally demonstrate a relatively high level of financial information usage with moderate variability. Planning orientation (X2) shows a mean of 3.78 and a standard deviation of 0.65, indicating that most MSME actors tend to engage in planning activities, although with slightly more variation compared to X1. Meanwhile, decision quality (Y) records the highest mean value of 3.92 with a standard deviation of 0.58, reflecting that respondents perceive their business decisions to be of relatively good quality and more

consistent. Overall, the mean values above 3.5 across all variables suggest that the respondents exhibit positive tendencies in utilizing financial information, applying planning orientation, and producing quality business decisions.

4.3. Validity and Reliability Test

4.3.1. Validity Test

All questionnaire items were tested using Pearson correlation. The results indicate that all items have correlation coefficients greater than the critical value (r -table ≈ 0.158 for $n=155$), meaning all items are valid.

4.3.2. Reliability Test

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	Criteria	Result
Financial Statement Information Utilization	0.821	> 0.70	Reliable
Planning Orientation	0.845	> 0.70	Reliable
Decision Quality	0.867	> 0.70	Reliable

Table 2 presents the reliability test results, showing that all research variables have Cronbach's Alpha values exceeding the threshold of 0.70, indicating a high level of internal consistency. Financial Statement Information Utilization has a Cronbach's Alpha of 0.821, Planning Orientation 0.845, and Decision Quality 0.867, all of which fall within the reliable category. These results demonstrate that the measurement instruments used in this study are consistent and dependable in capturing each construct, meaning that the

questionnaire items are stable and capable of producing reliable data for further statistical analysis.

4.4. Classical Assumption Tests

4.4.1. Normality Test

The Kolmogorov-Smirnov test shows a significance value of 0.200 (> 0.05), indicating that the data are normally distributed.

4.4.2. Multicollinearity Test

Table 3. Multicollinearity Test

Variable	Tolerance	VIF	Result
X1	0.642	1.557	No Multicollinearity
X2	0.642	1.557	No Multicollinearity

Table 4.3 presents the results of the multicollinearity test, indicating that both independent variables—Financial Statement Information Utilization (X1) and Planning Orientation (X2)—have tolerance values of 0.642 and VIF values of 1.557. These results meet the accepted criteria, where tolerance values are greater than 0.10 and VIF values are below 10, confirming the absence of multicollinearity among the independent variables. This implies that X1 and X2 are not highly correlated with each other and can

independently explain variations in the dependent variable, thereby ensuring the reliability and validity of the regression analysis model.

4.4.3. Heteroscedasticity Test

The Glejser test shows significance values above 0.05 for all variables, indicating no heteroscedasticity problem.

4.5. Multiple Linear Regression Analysis

Table 4. Multiple Regression Results

Variable	Coefficient (B)	t-value	Sig.
Variable	Coefficient (B)	t-value	Sig.
Constant	1.245	2.110	0.036
X1	0.412	5.876	0.000
X2	0.365	5.102	0.000

Regression Equation:

$$Y = 1.245 + 0.412X1 + 0.365X2$$

Table 4 presents the results of the multiple regression analysis, indicating that both independent variables have a positive and significant effect on the quality of business decisions. Financial Statement Information Utilization (X1) has a regression coefficient of 0.412 with a t-value of 5.876 and a significance level of 0.000, showing a strong and statistically significant positive influence on decision quality. Similarly, Planning Orientation (X2) has a coefficient of 0.365 with a t-value of 5.102 and a significance value of 0.000, indicating a significant positive effect. The constant value of 1.245 with a significance of 0.036 suggests that even without the influence of the independent

variables, there is a baseline level of decision quality. Overall, these results confirm that higher levels of financial statement information utilization and planning orientation contribute to improved quality of business decisions among MSMEs.

4.6. Hypothesis Testing

4.6.1. t-Test (Partial Test)

Financial Statement Information Utilization (X1) has a significant effect on decision quality ($t = 5.876$; $p < 0.05$).

Planning Orientation (X2) also has a significant effect ($t = 5.102$; $p < 0.05$).

Thus, H1 and H2 are supported.

4.6.2. F-Test (Simultaneous Test)

Table 5. ANOVA Test

Source	F-value	Sig.
Regression	68.432	0.000

Table 5 presents the results of the ANOVA test, showing that the regression model has an F-value of 68.432 with a significance level of 0.000, which is well below the threshold of 0.05. This indicates that the model is statistically significant and that the independent variables—Financial Statement

Information Utilization and Planning Orientation—simultaneously have a significant effect on the quality of business decisions. In other words, the regression model is appropriate and capable of explaining the variation in the dependent variable, confirming that both variables collectively contribute to

improving decision quality among MSMEs. The F-test shows a significance value of 0.000 (< 0.05), indicating that X1 and X2 simultaneously

affect decision quality. Therefore, H3 is supported.

4.6.3. Coefficient of Determination (R²)

Table 4.6. Model Summary

R	R ²	Adjusted R ²
0.689	0.475	0.468

The R² value of 0.475 indicates that 47.5% of the variation in decision quality can be explained by financial statement information utilization and planning orientation, while the remaining 52.5% is influenced by other variables not included in the model.

4.7. Discussion

The findings of this study provide strong empirical evidence that the utilization of financial statement information significantly enhances the quality of business decisions among textile MSMEs in West Java, thereby reinforcing the central role of information-based decision-making in small business contexts. This result aligns with decision-making theory, which posits that access to accurate and relevant information reduces uncertainty and improves rationality in managerial choices. In line with the resource-based view, financial information can be interpreted as a strategic asset that strengthens organizational capabilities, particularly in evaluating performance, controlling costs, and allocating resources efficiently. The significant coefficient of financial statement utilization indicates that MSMEs that systematically prepare and interpret financial reports are more likely to shift from intuition-driven to evidence-based decision-making [21], [22]. This finding is consistent with prior studies that highlight financial literacy and reporting practices as key drivers of improved firm performance, especially in resource-constrained environments such as MSMEs [4], [17].

In addition, the results reveal that planning orientation has a positive and significant effect on decision quality, confirming the importance of proactive and structured managerial behavior. This finding supports strategic management theory, which

emphasizes that firms engaging in systematic planning—such as goal setting, budgeting, and forecasting—are better positioned to anticipate uncertainties and align their actions with long-term objectives. In the textile MSME sector, where market volatility, fluctuating raw material prices, and rapidly changing consumer preferences are prevalent, the ability to plan strategically becomes a critical determinant of resilience and competitiveness. MSMEs with a strong planning orientation are more likely to adopt forward-looking perspectives, evaluate alternative scenarios, and ensure consistency in decision-making processes. This result also corroborates empirical evidence suggesting that planning-oriented firms tend to outperform their counterparts due to their proactive rather than reactive approach to management [9].

More importantly, this study demonstrates that financial statement information utilization and planning orientation jointly exert a significant influence on decision quality, indicating a complementary and synergistic relationship between analytical and strategic capabilities. Financial information provides the necessary data-driven foundation for evaluating business conditions, while planning orientation guides how such information is translated into actionable strategies. The integration of these two dimensions creates a more robust decision-making framework, enabling MSMEs to balance short-term operational needs with long-term strategic goals. This finding contributes to the existing literature by offering a more holistic understanding of decision-making in MSMEs, where both informational and behavioral factors interact to shape managerial outcomes, rather than functioning

in isolation as often examined in previous studies.

The coefficient of determination (R^2) of 47.5% further suggests that nearly half of the variation in decision quality can be explained by the two independent variables, indicating their substantial explanatory power. However, this also implies that other factors—such as digital literacy, managerial competence, entrepreneurial orientation, and external market dynamics—may also play important roles in influencing decision-making processes. This opens avenues for future research to incorporate additional variables and adopt more comprehensive models that capture the complexity of MSME decision-making, particularly in the context of digital transformation and evolving market ecosystems.

From a practical perspective, the findings of this study highlight the urgent need to strengthen both financial literacy and planning capabilities among MSME actors. Policymakers and development agencies should design targeted interventions, such as training programs, mentoring initiatives, and digital financial tools, to enhance the ability of MSMEs to prepare, interpret, and utilize financial information effectively. At the same time, efforts should be directed toward fostering a planning-oriented mindset by promoting strategic thinking and structured business practices. For practitioners, the results underscore that improving decision quality is not solely dependent on experience but requires the integration of reliable information and systematic planning. Consequently, enhancing these capabilities is essential for

achieving sustainable growth and competitiveness in the textile MSME sector.

5. CONCLUSION

This study concludes that both financial statement information utilization and planning orientation play a significant role in improving the quality of business decisions among textile MSMEs in West Java. The empirical findings indicate that MSME actors who actively utilize financial information are more capable of making accurate, data-driven decisions, while those with a strong planning orientation are better prepared to anticipate future challenges and align their actions with strategic objectives. Moreover, the simultaneous influence of these two variables suggests that effective decision-making is not solely dependent on analytical capabilities but also on the presence of structured and forward-looking planning practices. The integration of financial insight and strategic orientation ultimately creates a more comprehensive and systematic decision-making process.

Although the model explains a substantial portion of decision quality, there are still other factors beyond the scope of this study that may influence decision-making processes. Therefore, future research is recommended to incorporate additional variables such as digital literacy, managerial competence, and technological adoption to provide a more holistic understanding. Overall, this study underscores the importance of strengthening both financial management and planning capabilities as key drivers for enhancing the sustainability and competitiveness of MSMEs, particularly within the textile sector.

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