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Factors Affecting Financial Statement Quality: Analysis of Cloud Accounting, Digital Literacy, and Management Support Mediated by Digital Competence

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Abstract: The purpose of this study is to develop hypotheses related to factors that influence the quality of financial reports, especially in the SME sector in Jabodetabek. The writing technique used in this literature review is comparative analysis. The data collection technique is to use literature studies or review relevant previous articles. The data used in this descriptive qualitative approach were obtained from previous studies relevant to this study and sourced from academic online media such as Thomson Reuters Journal, Springer, Taylor & Francis, Scopus Q2-Q4 Emerald, Elsevier, Sage, Web of Science, Sinta 2-5 Journal, DOAJ, EBSCO, Google Scholar, and digital reference books. The results of this literature review are as follows: 1) Cloud accounting influences digital competence; 2) Digital literacy influences digital competence; 3) Management support influences digital competence; 4) Cloud accounting influences the quality of financial statements; 5) Digital literacy influences the quality of financial statements; 6) Management support influences the quality of financial statements; 7) Digital competence influences financial report quality; 8) Cloud accounting influences financial report quality through digital competence; 9) Digital literacy influences financial report quality through digital competence. This study is limited to financial report quality in SMEs in Jabodetabek; and 10) Management support influences financial report quality through digital competence. This study contributes to the understanding of factors influencing financial report quality, with a focus on factors such as cloud accounting, digital literacy, management support, and digital competence. This research provides new insights into other factors influencing financial report quality, particularly in SMEs in Jabodetabek. Thus, it can serve as a reference for future literature.

Keywords: Financial Report Quality, Digital Competence, Cloud Accounting, Digital Literacy, Management Support

INTRODUCTION

In the business world, every activity involves buying and selling, which requires debit and credit transactions. Business actors must record these transactions systematically so that financial activities can be properly monitored, evaluated, and analyzed (Widjanarko, Saputra, et al., 2023). The purpose of recording financial statements is to provide accurate,

transparent, and relevant information about a business's financial condition so it can be used for business decision-making, evaluating business performance, fulfilling tax obligations, and convincing investors, partners, and financial institutions (Widjanarko, Hadita, et al., 2023).

In addition to financial record keeping, paying attention to the quality of financial statements is important to ensure the reliability of the information produced. Quality financial statements are timely, accurate, complete, and compliant with accounting standards. High-quality financial statements help business owners manage risk, plan growth strategies, and avoid costly financial mistakes. For external parties, such as banks, investors, and auditors, the quality of financial statements is one of the main indicators used to assess a business's credibility and financial health (Widjanarko et al., 2022).

However, the quality of financial reports in many small and medium-sized enterprises (SMEs) is still low. This is due to various factors, including a low understanding of accounting among business owners, a lack of digital literacy, underutilization of accounting technology such as cloud accounting, and weak management supervision and support. Consequently, many financial statements are prepared carelessly or incompletely and are inconsistent with applicable accounting principles. This inevitably leads to difficulties accessing financing, making strategic decisions, and ensuring long-term business sustainability (Kartika Rahmawati et al., 2025).

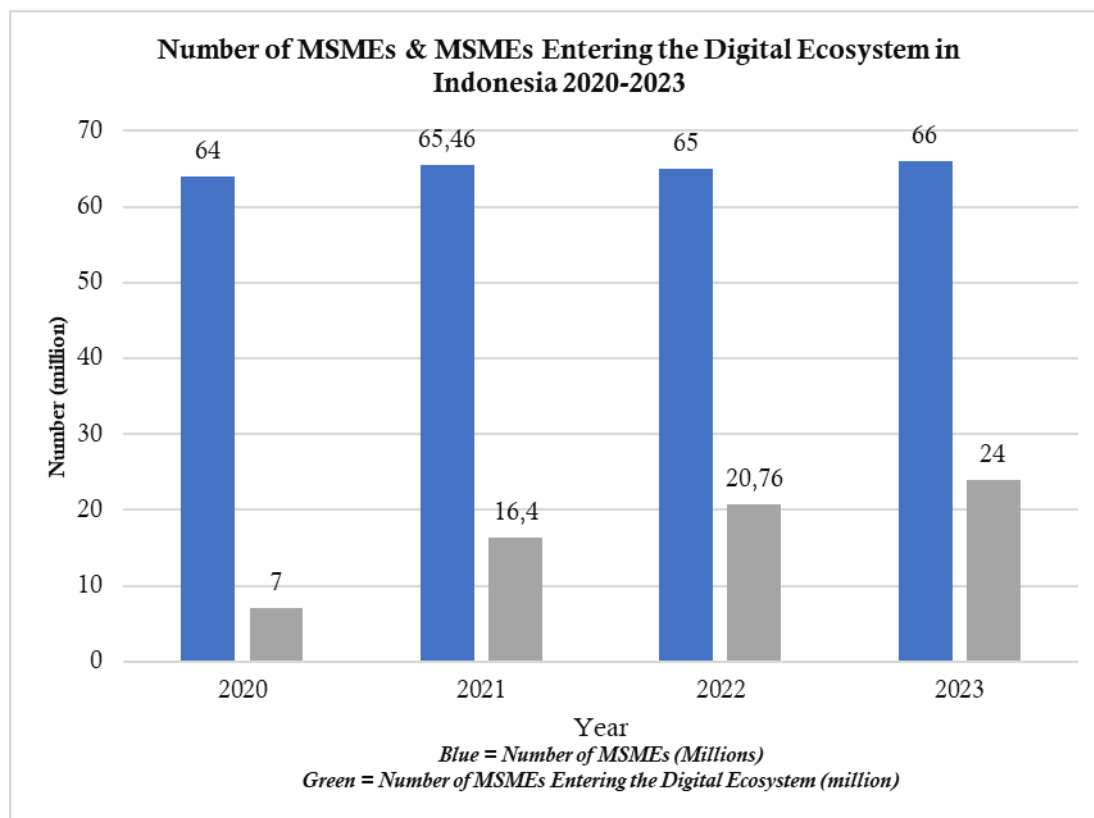


Figure 1. Number of MSMEs & MSMEs Entering the Digital Ecosystem in Indonesia 2020-2023
Source: (Central Statistics Agency, 2024)

Figure 1 shows the growth of MSMEs (micro, small, and medium enterprises) in Indonesia, as well as the number of MSMEs that entered the digital ecosystem from 2020 to 2023. The data is based on information from the Central Statistics Agency in 2024. The graph compares two main variables each year: the total number of MSMEs (shown by the blue bars) and the number of MSMEs that have been digitized (shown by the green bars).

In 2020, there were 64 million MSMEs, but only 7 million, or about 10.9%, entered the digital ecosystem. The number of MSMEs increased to 65.46 million in 2021, and the number of digital MSMEs reached 16.4 million (25.1%). This figure increased again in 2022, reaching 20.76 million digital MSMEs out of a total of 65 million, and reached 24 million in 2023 out of a total of 66 million. Despite an increase from year to year, this means that as of 2023, more than 60% of MSMEs in Indonesia remain undigitized.

This disparity poses a serious challenge to the quality of SME financial reporting in Indonesia (Hidayat et al., 2024). Undigitized SMEs tend to use manual or informal record-keeping methods, which are prone to errors, manipulation, and data loss. The result is financial reports that are less credible, inaccurate, and non-transparent. These reports are therefore unreliable for business decision-making by business owners and external parties, such as banks, investors, and auditors (Fauzi et al., 2023).

Conversely, MSMEs that have entered the digital ecosystem are more likely to produce real-time, systematic financial reports that comply with accounting standards, particularly when using cloud accounting applications and other digital systems (Noor & Ahmadi, 2025). However, limited digital literacy, technology implementation costs, and a lack of managerial support remain major obstacles to expanding MSME digitalization.

To support the above data regarding factors that influence the quality of financial statements, the researcher conducted a preliminary survey to support the selection of independent variables in this study, as shown in Table 1 below:

Table 1. Pre-Survey of Factors Affecting the Quality of Financial Statements

No	Factors Affecting the Quality of Financial Statements	Coefficient Score	Rank
1	Cloud Accounting	0,267	2
2	Work Motivation	0,198	7
3	Digital Literacy	0,390	3
4	Leadership	0,233	5
5	Management Support	0,267	4
6	Workload	0,214	6
7	Digital Competence	0,598	1

Leadership factors, workload, and work motivation also influence the quality of financial reports, although their values are lower than the three main variables. These results indicate that, although all variables contribute, the main focus of companies in improving the quality of financial reports should be on providing cloud accounting, digital literacy, management support, and digital competence.

The pre-survey results indicate that cloud accounting, digital literacy, management support, and digital competence are dominant factors that are highly relevant in influencing financial report quality.

Therefore, this study will develop a more in-depth hypothesis regarding the influence of the three independent variables and one intervening/mediating variable on financial report quality. This study is expected to provide deeper insights into the factors that influence financial report quality.

Based on the above background, the research questions in this study are: 1) Does cloud accounting affect digital competence?; 2) Does digital literacy affect digital competence?; 3) Does management support affect digital competence?; 4) Does cloud accounting affect the quality of financial statements?; 5) Does digital literacy influence the quality of financial reports?; 6) Does management support influence the quality of financial reports?; 7) Does digital competence influence financial report quality?; 8) Does cloud accounting influence financial report quality through digital competence?; 9) Does digital literacy influence

financial report quality through digital competence?; and 10) Does management support influence financial report quality through digital competence?.

LITERATURE REVIEW

Quality of Financial Statements

The quality of financial statements is determined by their ability to present relevant, reliable, understandable, and comparable information to users such as business owners, management, investors, creditors, and other external parties. High-quality financial statements accurately reflect a company's financial condition and enable appropriate decision-making. According to Financial Accounting Standards (FAS), financial statements must be prepared in accordance with principles such as accurate recording, reliable data, consistency, and timely presentation. The quality of financial statements is also determined by the extent to which the information in them is free from material errors and bias and meets the needs of stakeholders (Susilowati et al., 2023).

Indicators or dimensions contained in financial statement quality variables include: 1) Relevance: Financial statements should present useful information for economic decision-making, including assessing financial position, cash flows, and future performance; 2) Reliability: The information in financial statements must be free of material misstatements, complete, and honest so users can trust it; 3) Timeliness: Financial reports must be prepared and communicated in a timely manner so that the information provided remains useful for decision-making purposes (Hidayat et al., 2024).

Financial statement quality variables are relevant to previous studies conducted by: (Saputra, 2022), (Gardi et al., 2021), (Yusran, 2023).

Digital Competence

Digital competence is the ability to use digital technology effectively, efficiently, and responsibly in work, learning, and daily life. In the context of organizations and businesses, digital competence includes operating software, utilizing the internet, managing digital information, maintaining data security, and adapting to technological innovations. Digital competence means more than being able to use computers or gadgets; it also involves thinking critically about digital information, communicating through digital platforms, and creating digital solutions to complete work (Zhao et al., 2021).

Indicators or dimensions found in digital competency variables include: 1) Ability to Operate Digital Applications: This measures the extent to which an individual can use digital software and tools in the workplace, such as accounting systems or spreadsheets; 2) Digital Information Management: This is the ability to search for, manage, evaluate, and store digital information effectively and efficiently; 3) Adaptation to Technological Change: This demonstrates an individual's flexibility in learning new technologies and adapting to an evolving digital work environment (Mattar et al., 2022).

Digital competency variables are relevant to previous research conducted by: (Tzafilkou et al., 2022), (Alarcón et al., 2020), (Fajriyani et al., 2023).

Cloud Accounting

Cloud accounting is a cloud-computing-based accounting system that enables online financial data management through an internet connection. Unlike conventional accounting systems, which can only be accessed on specific computers, cloud accounting allows users to access data anywhere and at any time using internet-connected devices. The system stores data centrally on a cloud server, enabling real-time collaboration between users, accountants, and other relevant parties. One of the main advantages of cloud accounting is the increased efficiency and transparency of financial management (Sastararuji et al., 2022).

Indicators or dimensions found in cloud accounting variables include: 1) Real-Time Data Accessibility: The system's ability to provide financial information that can be accessed anytime and anywhere with an internet connection; 2) Data Security and Privacy: This measures how securely financial data is stored and protected from loss, leakage, or unauthorized access; 3)

Financial Process Efficiency: Measuring the ability of cloud accounting to automate transactions, shorten work time, and reduce recording errors (Ma et al., 2021).

Cloud accounting variables are relevant to previous research conducted by: (Vo Van et al., 2025), (Al-Okaily et al., 2023), (Alshirah et al., 2021).

Digital Literacy

Digital literacy is the ability to access, understand, evaluate, and use information through digital technology in a wise, critical, and productive manner. In the workplace, digital literacy means more than just being able to use technological devices; it also includes critical thinking skills regarding digital content, digital communication skills, and ethics and security in the use of data. As the use of information technology becomes more widespread in everyday life, including in financial management, digital marketing, organizational communication, and customer service, digital literacy is becoming increasingly important. In the context of financial reporting, digital literacy enables employees to input data into digital systems, read cloud-based reports, and maintain the security of digital documents (Izzuddin & IlaHiyyah, 2022).

Indicators or dimensions found in digital literacy variables include: 1) Basic Technology Understanding: The ability to recognize and understand how the hardware and software used for digital activities work; 2) Digital Ethics and Security: Understanding how to use technology responsibly, maintain data privacy, and avoid digital fraud and violations; 3) Digital Communication Skills: The ability to communicate effectively using digital platforms such as email, chat, video conferencing, and document collaboration (Li et al., 2020).

Digital literacy variables are relevant to previous research conducted by: (Kartika Rahmawati et al., 2025), (Noor & Ahmadi, 2025), (Safitri et al., 2022).

Management Support

Management support involves leaders or managers actively participating in and committing to organizational policies, programs, and initiatives, whether through moral, strategic, financial, or policy support. This support is key to successfully implementing changes or innovations within an organization, including financial report digitization, improving HR competencies, and adopting new technologies, such as cloud accounting (Bangura et al., 2024).

Indicators or dimensions found in management support variables include: 1) Leadership Commitment: Demonstrates the extent to which management is actively involved in supporting policies, programs, or innovations within the organization; 2) Resource Provision: The support provided in the form of funding, facilities, time, and manpower to implement new programs or systems; 3) Communication and Coordination: Management's ability to convey vision, provide direction, and maintain effective two-way communication with subordinates (Baqir et al., 2020).

Management support variables are relevant to previous research conducted by: (Didin Sjarifudin & Zahara Tussoleha Rony, 2023), (Susanto, Soehaditama, Febrian, et al., 2023), (Susanto, Soehaditama, & Banned, 2023).

Previous Research

Based on the above literature, previous studies relevant to this study were identified to support the development of the following hypotheses:

Table 2. Relevant Previous Research Results

No	Author (Year)	Research Results	Similarities With This Article	Differences With This Article
1	(Vo et al., 2024)	-Cloud Accounting variables affect Digital Competence -Employee Job Performance variables affect Digital Competence	This article has similarities in examining the variable of Cloud Accounting in its independent variable and examining the variable of Digital Competence in its dependent variable.	The difference from previous studies lies in the variables Employee Job Performance and Operational Performance as other independent

No	Author (Year)	Research Results	Similarities With This Article	Differences With This Article
				variables.
2	(Falloon, 2020)	-Operational Performance variables affect Digital Competence Digital literacy variables influence teachers' digital competence	This article has similarities in researching the variable of Digital Literacy as the independent variable and researching the variable of Digital Competence as the dependent variable.	Another difference is in the subject of the research conducted on teachers.
3	(Zheng, 2024)	-Management Support variables influence Digital Competence -Innovation Adoption variables influence Digital Competence	This article has similarities in examining the variable of Management Support as the independent variable and examining the variable of Digital Competence as the dependent variable.	The difference with previous studies lies in the variable Innovation Adoption as another independent variable.
4	(Nursyamsu et al., 2022)	Cloud Accounting Variables Affect the Quality of Financial Statements at PT.X (Property Company)	This article has similarities in examining the Cloud Accounting variable as the independent variable and examining the Financial Report Quality variable as the dependent variable.	Another difference is in the research object conducted at PT. X (Property Company).
5	(Kartikasari et al., 2023)	-Digital Variables Payment Affect Revenue and Financial Statement Quality in SMEs -Digital Literacy Variables Affect Revenue and Financial Statement Quality in SMEs	This article has similarities in examining the variable of Digital Literacy as the independent variable and examining the variable of Financial Report Quality as the dependent variable.	The difference with previous studies lies in the inclusion of Digital Payment as another independent variable.
6	(Madawaki et al., 2022)	-Internal Audit Functions variables influence the Quality of Financial Statements -Senior Management Support variables influence the Quality of Financial Statements	This article has similarities in examining the variable of Management Support as the independent variable and examining the variable of Financial Report Quality as the dependent variable.	The difference with previous studies lies in the Internal Audit Functions variable as another independent variable.
7	(Puspitawati, 2023)	-Digital Competence Variables affect the Quality of Financial Statements -Business Digitalization Variables affect the Quality of Financial Statements	This article has similarities in examining the variable of Digital Competence as the independent variable and examining the variable of Financial Report Quality as the dependent variable.	The difference with previous studies lies in the inclusion of Business Digitalization as another independent variable.
8	(Aziz et al.,	Cloud Accounting	This article has similarities	Another difference

No	Author (Year)	Research Results	Similarities With This Article	Differences With This Article
	2024)	Variables Affect Financial Statement Quality through Digital Competence in Banking	in examining the variable of Cloud Accounting in its independent variable, examining the variable of Financial Report Quality in its dependent variable, and examining the variable of Digital Competence in its intervening variable.	is in the object of research conducted in banking.
9	(Del Rosa et al., 2022)	-Financial Literacy Variables Affect Financial Statement Quality through Digital Competence in Culinary MSMEs in Padang City - Digital Literacy Variables Affect Financial Statement Quality through Digital Competence in Culinary MSMEs in Padang City	This article has similarities in examining the variable of Digital Literacy as the independent variable, examining the variable of Financial Report Quality as the dependent variable, and examining the variable of Digital Competence as the intervening variable.	Another difference is the research object conducted on culinary MSMEs in Padang City.
10	(Frisky, 2023)	-Information Technology Sophistication Variables affect Financial Report Quality through Competence in Health Facilities Using BPJS Services -Management Support Variables affect Financial Report Quality through Competence in Health Facilities Using BPJS Services	This article has similarities in examining the variable of Management Support as the independent variable, examining the variable of Financial Report Quality as the dependent variable, and examining the variable of Digital Competence as the intervening variable.	Another difference is in the research subjects conducted at health facilities that use BPJS services.

METHOD

This study uses a descriptive qualitative approach. This method was chosen because it allows researchers to investigate and understand the characteristics related to factors that influence the quality of financial reports. Descriptive qualitative data collection and analysis allow researchers to tailor their approach to the needs of the research and the characteristics of the subjects being studied.

The data used in this study were obtained from previous studies related to digital competence, cloud accounting, digital literacy, and management support. The data used were obtained from electronic sources published within the last eight years. The technique used in this literature review was comparative analysis. By using previous studies, researchers can develop stronger, evidence-based arguments and contribute to a broader understanding of the factors that influence the quality of financial reports, (Susanto et al., 2024).

This study uses data from various leading academic journals, including Thomson Reuters Journal, Springer, Taylor & Francis, Scopus Quartile 2-Quartile 4, Emerald, Sage, WoS, Sinta Journal 2-5, DOAJ, and EBSCO, as well as platforms such as Publish or Perish and Google Scholar. By using these sources, researchers can ensure that the data they collect is valid and reliable. The use of multiple sources also allows researchers to gain a more comprehensive understanding of the factors influencing the quality of financial reports.

RESULT AND DISCUSSION

1. The Impact of Cloud Accounting on Digital Competence

Based on a literature review and relevant previous research, it can be stated that cloud accounting has an impact on digital competence in SMEs in Greater Jakarta.

To improve digital competence through cloud accounting, every SME in Jabodetabek must do the following: 1) Real-time data accessibility: SMEs must fully utilize the real-time data accessibility features offered by cloud accounting. This means encouraging employees, especially financial and management staff, to actively access and analyze constantly updated financial data; 2) Data security and privacy: SMEs must ensure understanding and implementation of strict data security and privacy practices when using cloud accounting. This involves educating employees on the importance of strong passwords, two-factor authentication, recognizing phishing attempts, and understanding applicable data privacy regulations; 3) Financial process efficiency: SMEs need to optimize the use of cloud accounting to achieve maximum efficiency in their financial processes. This is not just about moving data from manual to digital, but also automating routine tasks (e.g., bank reconciliation, invoice generation), and leveraging automated reporting features.

If every SME in Greater Jakarta can provide or pay attention to real-time data accessibility, data security and privacy, and financial process efficiency, it will have a positive impact on digital competencies, including: 1) Ability to operate digital applications: With frequent access to real-time data and efforts to improve process efficiency, employees will be forced to and become accustomed to interacting with cloud accounting digital interfaces. This will inherently improve their proficiency in using various application features, from basic data entry to complex report generation, thereby enhancing their overall ability to operate digital applications; 2) Digital information management: Focusing on real-time data accessibility and data security will train employees to manage digital information in a more structured and responsible manner. They will learn how to search, store, organize, and protect financial data digitally, as well as understand the information lifecycle in a cloud ecosystem. 3) Adaptation to technological changes: Since cloud accounting is frequently updated and offers new features, efforts to continuously seek efficiency will encourage employees to continue learning and adapting to technological changes.

The results of this study are in line with previous research conducted by (Vo et al., 2024), which states that there is a relationship between cloud accounting and digital competence.

2. The Influence of Digital Literacy on Digital Competence

Based on a literature review and relevant previous research, it can be stated that digital literacy influences digital competence in SMEs in Greater Jakarta.

To improve digital competence through digital literacy, every SME in Jabodetabek must do the following: 1) Understanding basic technology: SMEs need to ensure that every employee has a strong understanding of the basics of digital technology. Regular training or workshops on the introduction and use of basic digital devices will be very helpful; 2) Digital ethics and security: It is important for SMEs to instill awareness and best practices regarding ethics and security in the use of digital technology. This includes understanding data privacy,

the risks of phishing and malware, the importance of strong passwords, and how to interact responsibly in the online realm; 3) Digital communication skills: SMEs must focus on improving their employees' ability to communicate effectively using various digital platforms. This includes the use of email, instant messaging applications, video conferencing, or online collaboration platforms.

If every SME in Greater Jakarta can provide or pay attention to basic technological understanding, digital ethics and security, and digital communication skills, it will have a positive impact on digital competencies, including: 1) Ability to operate digital applications: With a strong understanding of basic technology, employees will find it easier to learn and operate various digital applications used in business, such as cashier applications, accounting software, or e-commerce platforms. They will no longer feel “technologically illiterate” and will be able to master new features more quickly, thereby improving operational efficiency; 2) Digital information management: Emphasizing digital ethics and security, as well as digital communication skills, will train employees to manage digital information more effectively; 3) Adaptation to technological changes: SMEs with employees who have high digital literacy will adapt more quickly to technological changes and innovations.

The results of this study are in line with previous research conducted by (Falloon, 2020), which states that there is a relationship between digital literacy and digital competence.

3. The Influence of Management Support on Digital Competence

Based on a literature review and relevant previous studies, it can be stated that management support influences digital competence in SMEs in Jabodetabek.

To improve digital competence through management support, every SME in Jabodetabek must do the following: 1) Leadership commitment: SME management must demonstrate a strong and clear commitment to digitalization initiatives; 2) Provision of resources: Management needs to allocate adequate resources for the development of digital competence. This includes providing capable hardware and software, stable internet access, and a budget for relevant digital training programs; 3) Communication and coordination: Management must establish effective communication channels and good coordination regarding the objectives, progress, and benefits of improving digital competence.

If every SME in Jabodetabek can provide or pay attention to leadership commitment, resource provision, communication, and coordination, it will have a positive impact on digital competencies, including: 1) Ability to operate digital applications: With leadership commitment driving technology adoption and resource provision (devices & training), employees will have the opportunity and motivation to actively use and master various digital applications relevant to their work; 2) Digital information management: Management support through clear communication about the importance of data and the provision of resources (e.g., cloud storage systems) will train employees to manage digital information more efficiently and securely; 3) Adaptation to technological change: A commitment to continuous leadership and transparent communication about technological evolution will create a culture that supports adaptation.

The results of this study are in line with previous research conducted by (Zheng, 2024), which states that there is an influence between management support and digital competence.

4. The Influence of Cloud Accounting on the Quality of Financial Statements

Based on a literature review and relevant previous studies, it can be stated that cloud accounting influences the quality of financial statements in SMEs in Greater Jakarta.

To improve the quality of financial reports through cloud accounting, every SME in Greater Jakarta must do the following: 1) Real-time data accessibility: SMEs must actively

utilize the real-time data accessibility features offered by cloud accounting. This means encouraging financial staff and management to become accustomed to accessing and analyzing transaction data that is updated immediately upon occurrence; 2) Data security and privacy: SMEs need to ensure understanding and implementation of strict data security and privacy practices when using cloud accounting. This includes using reputable cloud service providers, implementing multi-factor authentication, strong password policies, and training employees on the importance of maintaining the confidentiality and integrity of financial data; 3) Financial process efficiency: SMEs must optimize the use of cloud accounting to achieve maximum efficiency across their entire financial process cycle. This includes data entry automation, automatic bank reconciliation, digital invoicing, and automated financial reporting.

If every SME in Greater Jakarta can provide or pay attention to real-time data accessibility, data security and privacy, and financial process efficiency, it will have a positive impact on the quality of financial reports, including: 1) Relevance: Real-time data accessibility allows SME managers to obtain highly relevant financial information for daily decision-making. They can instantly view current sales trends, cash status, or operational costs; 2) Reliability: By focusing on data security and privacy and improving financial process efficiency through automation, the risk of human error and data manipulation can be minimized; 3) Timeliness: The financial process efficiency generated by automation in cloud accounting allows financial reports to be prepared much faster than manual methods. Real-time data also means that there is no need to wait until the end of the month or year to collect all the information.

The results of this study are in line with previous research conducted by (Nursyamsu et al., 2022), which states that there is a relationship between cloud accounting and the quality of financial reports.

5. The Influence of Digital Literacy on the Quality of Financial Statements

Based on a literature review and relevant previous studies, it can be stated that digital literacy influences the quality of financial statements in SMEs in Greater Jakarta.

To improve the quality of financial reports through digital literacy, every SME in Greater Jakarta must do the following: 1) Understanding basic technology: SMEs need to have basic skills in operating digital accounting software, spreadsheets, and cloud accounting applications. By understanding this technology, business actors are able to record transactions systematically, store data securely, and compile reports independently; 2) Digital ethics and security: Digital ethics includes data privacy protection, compliance with digital accounting principles, and the use of legitimate financial systems. Understanding digital security also protects SMEs from the risk of financial data loss or leakage; 3) Digital communication skills: The ability to use email, collaborative applications, and cloud accounting platforms enables SMEs to coordinate efficiently with accountants, partners, or auditors. Smooth digital communication accelerates the data clarification process and report preparation, thereby supporting the timely submission of financial reports to internal and external parties.

If every SME in Greater Jakarta can provide or pay attention to basic technological understanding, digital ethics and security, and digital communication skills, it will have a positive effect on the quality of financial reports, including: 1) Relevance: Employees with a good understanding of basic technology and digital communication skills will be able to access and process financial data more quickly, even in real time if using a supporting system; 2) Reliability: With a strong understanding of digital ethics and security, employees will be more careful in entering, storing, and protecting financial data. This reduces the risk of input errors, fraud, or data leaks. As a result, the information presented in financial reports becomes more reliable because it is based on data with guaranteed integrity; 3) Timeliness:

Skills in operating digital applications and communicating efficiently using digital platforms will accelerate the entire accounting cycle process, from recording to report preparation.

The results of this study are in line with previous research conducted by (Kartikasari et al., 2023), which states that there is an influence between digital literacy and the quality of financial reports.

6. The Influence of Management Support on the Quality of Financial Reports

Based on a literature review and relevant previous studies, it can be stated that management support influences the quality of financial reports in SMEs in Jabodetabek.

To improve financial report quality through management support, every SME in Jabodetabek must do the following: 1) Leadership commitment: SME management must demonstrate unwavering commitment to the importance of quality financial reports. This means that leaders must actively understand, value, and use financial reports in decision-making; 2) Resource allocation: Management must allocate adequate resources for accounting and financial reporting functions. This includes providing appropriate accounting software (e.g., cloud accounting), adequate hardware, training for accounting staff, and even recruiting competent personnel if necessary; 3) Communication and coordination: Management must establish effective communication channels and good coordination between the finance team and other departments within the SME. This involves clearly explaining transaction recording standards, the importance of collecting transaction evidence, and reporting deadlines.

If every SME in Greater Jakarta can provide or pay attention to leadership commitment, resource provision, communication, and coordination, it will have a positive effect on the quality of financial reports, including: 1) Relevance: With leadership commitment emphasizing the importance of information for decision-making, the provision of resources that enable access to real-time data (e.g., through cloud accounting), and communication that ensures relevant data is collected, financial reports will be more relevant; 2) Reliability: The provision of resources in the form of software and training will reduce manual errors, while leadership commitment to accuracy and coordination between teams will ensure that the data recorded is correct and complete; 3) Timeliness: Strong management support will streamline the accounting process. The provision of digital resources and trained staff will speed up data entry and processing. Good communication and coordination will ensure that data is collected and validated in a timely manner.

The results of this study are in line with previous research conducted by (Madawaki et al., 2022), which states that there is an influence between management support and the quality of financial reports.

7. The Influence of Digital Competence on Financial Report Quality

Based on a literature review and relevant previous studies, it can be stated that digital competence influences the quality of financial reports in SMEs in Greater Jakarta.

To improve financial report quality through digital competence, every SME in Jabodetabek must do the following: 1) Ability to operate digital applications: SMEs must ensure that their staff, especially those responsible for financial recording and reporting, are proficient in operating relevant digital applications; 2) Digital information management: It is important for SMEs to train their employees in effective digital information management. This involves the ability to collect, store, organize, and retrieve financial data systematically and securely in a digital environment; 3) Adaptation to technological changes: SMEs need to foster an adaptive attitude toward technological changes among their employees. The technology industry is growing rapidly, and accounting software or digital financial tools are constantly being updated.

If every SME in Jabodetabek can provide or pay attention to the ability to operate digital applications, digital information management, and adaptation to technological changes, it will have a positive impact on the quality of financial reports, including: 1) Relevance: Employees with good digital application operating skills and efficient digital information management will be able to collect and process financial data more quickly; 2) Reliability: Improved ability to operate digital applications will reduce human errors in recording. Strong digital information management will ensure the integrity and security of financial data; 3) Timeliness: Employees who are proficient in operating digital applications and have the ability to adapt to technological changes will be able to accelerate the entire accounting cycle. The recording, reconciliation, and reporting processes can be carried out more efficiently and automatically.

The results of this study are in line with previous research conducted by (Puspitawati, 2023), which states that there is an influence between digital competence and the quality of financial reports.

8. The Influence of Cloud Accounting on the Quality of Financial Reports through Digital Competence

Based on a literature review and relevant previous studies, it can be stated that cloud accounting affects the quality of financial reports through digital competence in SMEs in Jabodetabek.

To improve the quality of financial reports with cloud accounting through digital competence, every SME in Jabodetabek must do the following: 1) Real-time data accessibility: This encourages employees to actively access and analyze financial data that is always up to date. Employees who are accustomed to the latest information will better understand business dynamics; 2) Data security and privacy: Educating employees about the importance of strong passwords, two-factor authentication, and phishing prevention is essential; 3) Financial process efficiency: By reducing manual work, employees will be encouraged to explore advanced application features, which inherently develop employee skills; 4) Ability to operate digital applications: Provide ongoing training and practice opportunities to ensure they are proficient in data entry, interface navigation, and the use of complex features; 5) Digital information management: Train employees to collect, store, organize, and retrieve financial data systematically and securely in a digital environment; 6) Adaptation to technological changes: Encourage employees to have an adaptive mindset towards new technologies and updates to cloud accounting systems.

If every SME in Jabodetabek can provide or pay attention to the six points above, it will have a positive impact on the quality of financial reports, including: 1) Relevance: With real-time data access and proficiency in operating digital applications, SMEs can produce financial reports that reflect the current state of their business; 2) Reliability: Efficient financial processes and high proficiency in operating digital applications will minimize manual errors. As a result, financial reports become more accurate, complete, and free from bias, making them reliable for management, investors, or financial institutions; 3) Timeliness: The combination of real-time data access, financial process efficiency through automation, and the ability to operate digital applications quickly will accelerate the entire financial reporting cycle.

The findings of this study align with previous research conducted by (Aziz et al., 2024), which stated that there is an influence between cloud accounting and financial report quality through digital competence.

9. The Influence of Digital Literacy on Financial Report Quality through Digital Competence

Based on a literature review and relevant previous studies, it is stated that digital literacy influences financial report quality through digital competence in SMEs in Jabodetabek.

To improve financial report quality through digital literacy and digital competence, SMEs in Jabodetabek should: 1) Basic technology understanding: SMEs need to ensure that all employees, especially those involved in financial processes, have a solid understanding of how digital hardware and software work; 2) Digital ethics and security: It is important for SMEs to instill a high level of awareness about ethics and security in the use of digital technology, especially regarding financial data. Employees must be trained to recognize cyber threats; 3) Digital communication skills: Focus on improving employees' ability to communicate and collaborate effectively using digital tools. This could mean proficiency in using email for financial document exchange, collaboration platforms for budget discussions, or messaging apps for quick coordination; 4) Ability to operate digital applications: Practical training and regular use will improve their speed and accuracy in recording transactions and processing financial data; 5) Digital information management: Train employees to understand file naming, folder structure, data backup, and ensure data is easy to find when needed; 6) Adaptation to technological changes: The digital world is constantly evolving, and SMEs must be ready to adopt new software or the latest features. Flexible and willing-to-learn employees will ensure that SMEs can continue to leverage technological advances to improve the efficiency and quality of financial reporting.

If every SME in Greater Jakarta can provide or pay attention to the six things above, it will have a positive effect on the quality of financial reports, including: 1) Relevance: With a good understanding of technology and the ability to operate digital applications, employees can access and process financial data more quickly; 2) Reliability: Attention to digital ethics and security will reduce the risk of human error, fraud, or data leaks. The ability to operate applications accurately and good digital information management will ensure data integrity and accuracy; 3) Timeliness: Improved ability to operate digital applications, efficient information management, and adaptation to new technologies will accelerate the entire accounting cycle, from recording to report preparation.

The results of this study are in line with previous research conducted by (Del Rosa et al., 2022), which states that there is an influence between digital literacy and the quality of financial reports through digital competence.

10. The Influence of Management Support on Financial Report Quality through Digital Competence

Based on a literature review and relevant previous research, it can be stated that management support influences financial report quality through digital competence in SMEs in Jabodetabek.

To improve financial report quality with management support through digital competence, every SME in Jabodetabek must do the following: 1) Leadership commitment: SME management must demonstrate a strong and clear commitment to digitalization and the importance of quality financial data. This means that leaders not only approve budgets but also serve as role models in the use of technology; 2) Provision of resources: Management must allocate adequate resources to support digitalization initiatives and competency improvement. This includes providing capable hardware and software, stable internet access, a budget for digital training, and sufficient time for employees to learn and apply new skills; 3) Communication and coordination: Management must establish effective communication channels and good coordination regarding digitalization goals and financial reporting

standards; 4) Ability to operate digital applications: With strong management support, SMEs must train their employees to be proficient in operating various digital applications relevant to their work, especially financial applications; 5) Digital information management: Management needs to ensure that employees can collect, store, organize, and retrieve financial data systematically and securely in a digital environment; 6) Adaptation to technological changes: Management must foster a culture that encourages employees to always adapt to technological changes. This can be done by holding knowledge-sharing sessions, attending webinars, or even encouraging experimentation with new features.

If every SME in Greater Jakarta can provide or pay attention to the six points above, it will have a positive effect on the quality of financial reports, including: 1) Relevance: With management support, employees will be more skilled in operating digital applications that enable *real-time* data collection. Good digital information management also ensures that relevant data is easily accessible; 2) Reliability: Leadership commitment to accuracy and the provision of reliable software will reduce errors. High digital application operating skills and secure digital information management will minimize the risk of human error or fraud; 3) Timeliness: Management support through effective communication and coordination, as well as the provision of adequate resources, will facilitate the entire accounting cycle. The ability to operate digital applications quickly and adapt to technological changes will also speed up the reporting process.

The results of this study are in line with previous research conducted by (Frisky, 2023), which states that there is an influence between management support and the quality of financial reports through digital competence.

Conceptual Framework

The conceptual framework is determined based on the problem formulation, research objectives, and previous studies relevant to the discussion in this literature review:

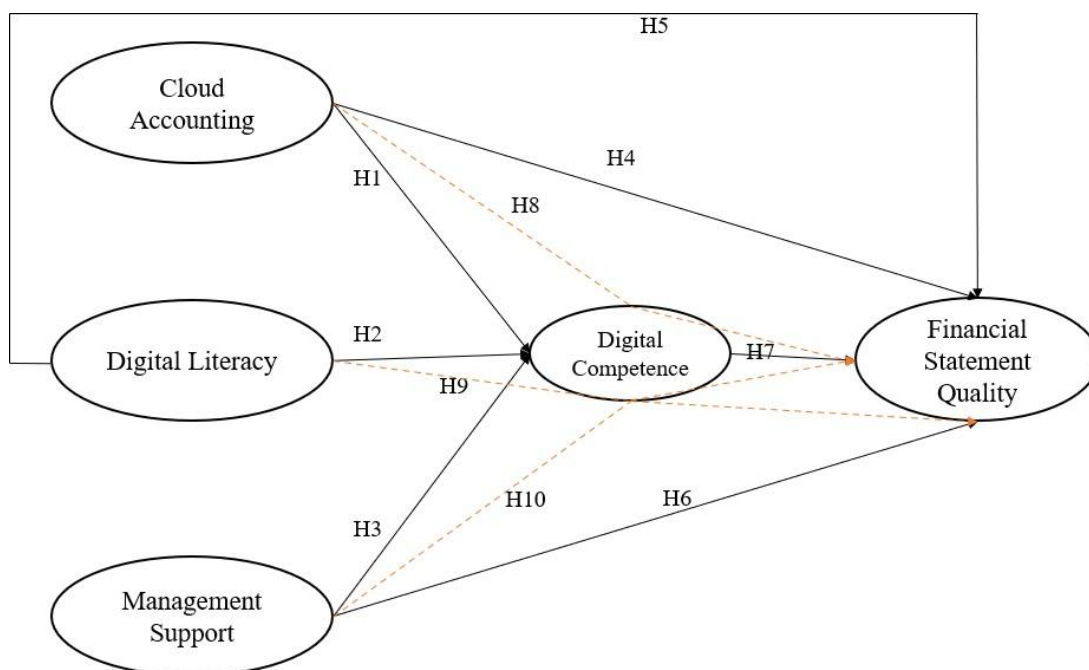


Figure 2. Conceptual Framework

Based on Figure 2 above, cloud accounting, digital literacy, and management support influence the quality of financial statements either directly or indirectly through digital competence. However, in addition to the variables of cloud accounting, digital literacy,

management support, and digital competence that influence the quality of financial statements, there are other variables that influence it, including:

- 1) Fraud Prevention: (Jurnal & Dan, 2022), (Sianipar, 2022), (Yulitasari et al., 2022), (Sari, P. N., & Husadha, 2020).
- 2) Internal Control System: (Mahaputra, 2021), (Kurniawan, 2020), (Karsono & Suraji, 2020).
- 3) Good Corporate Governance: (Nasfi, 2022), (Gunawan Aji et al., 2023), (Ali & Saputra, 2023).

CONCLUSION

Based on the problem formulation, results, and discussion above, the conclusions of this literature review are as follows: 1) Cloud accounting affects digital competence; 2) Digital literacy affects digital competence; 3) Management support affects digital competence; 4) Cloud accounting affects the quality of financial statements; 5) Digital literacy influences financial report quality; 6) Management support influences financial report quality; 7) Digital competence influences financial report quality; 8) Cloud accounting influences financial report quality through digital competence; 9) Digital literacy influences financial report quality through digital competence. This study is limited to the quality of financial reports in SMEs in Jabodetabek; and 10) Management support influences the quality of financial reports through digital competence. This study contributes to the understanding of factors that influence the quality of financial reports, with a focus on factors such as cloud accounting, digital literacy, management support, and digital competence. This research adds new insights into other factors influencing financial report quality, particularly in SMEs in Jabodetabek. Thus, it can serve as a reference for future literature.

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