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THE INFLUENCE OF MANAGEMENT ACCOUNTING ON THE EFFECTIVENESS OF MSME DECISION-MAKING: AN EMPIRICAL STUDY IN PEKANBARU CITY

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Abstract: In Indonesia, almost all business units are MSMEs, which account for more than half of GDP and absorb the majority of the workforce. Despite this dominance, most remain micro-scale, characterized by limited assets, low turnover, and reliance on informal management practices. Previous studies confirm that MSME actors often face challenges in bookkeeping, cost calculation, and financial planning, which hinder rational decision-making. Pekanbaru City, as the economic hub of Riau Province, recorded 26,684 MSMEs in 2024, the majority being micro enterprises. This condition underscores the urgency of examining the role of management accounting in supporting MSME decision-making. Employing a cross-sectional survey design, structured questionnaires were distributed to 100 MSME respondents, and data were analyzed using simple linear regression in SPSS 26. Results reveal that management accounting significantly influences decision-making, with $\beta = 0.773$, $t = 8.821$, and $p = 0.000$. The R^2 value of 0.443 indicates that management accounting explains a substantial portion of decision-making variation. This study adds to the limited body of research on MSMEs in developing countries by presenting empirical evidence from Pekanbaru, while emphasizing the urgent need to improve accounting literacy and government policy support.

Keywords: Management Accounting, Decision Making, MSMEs.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) constitute the largest group of businesses in various countries, whether developed or developing. On average, this sector accounts for more than 90% of total business units. In developed nations such as the United Kingdom and the United States, MSMEs make up over 95% of all businesses (Wichmann, 1983; Mitchell et al., 1998). A similar pattern is observed in developing countries such as Malaysia and Indonesia where MSMEs account for more than 90% of the total number of businesses (DOS, 2005; Tambunan, 2008). MSMEs are widely recognized as the backbone of national and global economies. Globally, they represent more than 90% of businesses, contribute up to 70% of GDP, and generate around two-thirds of employment (ILO, 2026; OECD, 2023). In Indonesia, almost all business units are MSMEs, which account for more than half of GDP and absorb the majority of the workforce (Anastasya, 2023). These figures underscore the structural importance of MSMEs in sustaining economic growth and employment, particularly within emerging economies. Although MSMEs dominate the business landscape, the majority remain at

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the micro scale, characterized by limited assets, low turnover, and reliance on informal management practices. This structural composition reflects both the accessibility of entrepreneurship in Indonesia and the persistent challenges of scaling up, such as restricted access to finance, technology adoption, and market integration (OECD, 2023; World Bank, 2024). Consequently, the dominant position of micro enterprises necessitates the implementation of focused policies and capacity building programs to enhance their sustainability and expansion opportunities.

This condition indicates that the application of management accounting and business decision-making in MSMEs is still not optimal, as confirmed by previous studies showing that MSME actors often face difficulties in bookkeeping, cost calculation, and financial planning, which in turn limits rational decision-making (Holmes & Nicholls, 1989; Nurhidayah et al., 2025; Durana, 2021). These findings highlight that despite their economic significance, MSMEs continue to struggle with adopting structured accounting practices, thereby reinforcing the need for targeted interventions. Management accounting is not limited to large corporations; rather, it is a systematic process of collecting, analyzing, and presenting relevant financial and non-financial information. Its purpose is to support internal planning, control, and more rational decision making.

In the context of MSMEs, the application of management accounting serves as a crucial strategic tool for enhancing operational efficiency, strengthening business planning, and minimizing uncertainty when formulating business policies. Thus, management accounting acts as a vital instrument that improves the quality of decisions not only for large-scale entities but also for MSMEs facing resource constraints and a complex business environment. Within MSMEs, the implementation of management accounting provides critical insights for cost determination, pricing strategies, performance evaluation, and long-term sustainability (Anthony & Govindarajan, 2007; Hansen & Mowen, 2018). Management accounting is necessary for MSMEs in developing their businesses (Daud, 2025).

The existence of MSMEs is still faced with various fundamental challenges, especially in financial management and the implementation of management accounting practices (PAM) which are the basis for rational and data-based business decision-making (Nugroho and Takaliwuhang, 2023). The main problems of MSMEs are limited capital, low quality of human resources, and weak implementation of management accounting practices, as highlighted in recent studies emphasizing financial literacy gaps, managerial limitations, and the need for digital transformation (Asmara et al., 2025; Azzahra & Nawawi, 2025; World Bank, 2024; OECD, 2023).

In fact, management accounting provides relevant and accurate information for rational business decision-making, from pricing, cost control, to profit planning (Ayuningtyas and Purwanti, 2025). Accounting information provides a reliable basis for obtaining bank credit, fulfilling tax reporting requirements, and supporting internal business decisions such as market development and pricing strategies (Salmiah et al., 2018). However, despite its recognized importance, empirical evidence shows that many MSMEs in Indonesia still

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struggle to implement structured management accounting practices, resulting in limited use of accounting information for strategic decision-making (Nurhidayah et al., 2025; World Bank, 2024). This gap highlights it is important to carry out further studies regarding methods MSMEs can effectively integrate accounting information into their managerial processes to enhance competitiveness and sustainability.

Pekanbaru City, as the center of economic growth in Riau Province, has 26,684 MSME actors by 2024, the majority of which are micro enterprises (Kominfo9/rd3, 2024, 14 August). The crucial role of accounting for internal users in strengthening the solution selection process to address MSME issues in Pekanbaru. Proper selling price decision-making is very important as one of the elements of winning the competition. High selling price decisions will make products lose competition, but making decisions that are too low will result in producers experiencing losses. One of the approaches in making sales price determination decisions is selling price approach by adding profit to production costs. selling price approach by adding profit to production costs means that the selling price is set at the cost of production plus the desired profit margin. The cost of production is one of the information produced by management accounting. Lack of knowledge about the determination of production cost for the Tanah Merah Village PKK Group means that the Tanah Merah Village PKK Group has not been able to determine sales value of goods produced in the form of batik materials (N.Salmiah, et al., 2019). From the results of the BMT Mitra Arta Management survey, it was found that seventy-five percent (75%) of the 79 MSMEs Fostered by BMT Mitra Arta have not made bookkeeping and financial reporting (Salmiah, et al., 2019).

LITERATURE REVIEW

Decision Making Theory

Managerial decision-making theory emphasizes that business decisions are not made intuitively, but rather through a structured process grounded in information systems and analytical frameworks. According to Simon (1977), decision-making involves three stages: intelligence (identifying problems and gathering information), design (developing alternative solutions), and choice (selecting the most appropriate option). This theory highlights the role of accounting for internal users can be understood as a means of presenting comprehensive information encompassing both financial and non financial aspects to enhance managerial effectiveness, enabling managers to reduce uncertainty and make decisions within the limits of bounded rationality. Thus, structured information is not merely supportive, but constitutes the theoretical foundation for rational and effective managerial decision-making. Simon introduced the concept of bounded rationality, which states that decision-makers are not always able to achieve fully optimal decisions due to limited information, time, and cognitive abilities. Therefore, he decisions made are generally satisfactory rather than optimal (Simon, 1977).

The stages of decision-making, according to Simon, consist of: (1) Intelligence, namely identifying problems and gathering information. (2) Design, which is designing alternative solutions. (3) Choice, which is choosing the best alternative based on the available information (Simon, 1977).

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Selection of an alternative course of action is the systematic process of choosing the most optimal solution for several alternatives to solve a problem (Pasolong, 2023). According to Simon (1977), decision-making is a process consisting of three stages: intelligence (problem identification), design (alternative development), and choice (selection of the best alternative). Managerial decisions involve rational analysis as well as adaptation to environmental uncertainty (Mintzberg et al., 1976). Decision-making is part of a management control system that uses accounting information for planning and evaluation (Anthony and Govindarajan, 2007).

Thus, decisions made promptly are a crucial factor in determining the direction of growth and succes and retreat of a business entity, primarily due to its relevance to future sustainability of a business entity is many aspects of the future depend on decisions made today. Elements of Decision-Making (Pasolong, 2023) i.e. (1) Purpose of Decision-Making : determine the goals to be achieved through a decision. (2) Identification of Alternative Decisions : identify different alternatives that can be used to solve the problem. (3) Consideration of Unpredictable Factors : take into account factors that cannot be known in advance and are beyond the reach of humans. (4) Evaluation Tools : provide a means or tools to evaluate and measure the outcome of a decision.

Management Accounting

Management accounting is a series of activities involving the detection, quantification, analysis, and presentation of financial and non-financial data to support management functions and performance evaluation within an organization. It provides managers with relevant and timely information for budgeting, cost control, pricing, investment appraisal, and strategic development, thereby enhancing organizational efficiency and competitiveness (Anthony & Govindarajan, 2007; Hansen & Mowen, 2018; Durana, 2021).

Management accounting is a systematic practice of gathering, evaluating, interpreting, and reporting financial information to support internal managerial decision-making (Butterfield, 2016). Management accounting have role as an information system that provides relevant and up-to-date data to companies for determining policies and strategies (Purba, 2025). Management accounting serves as a strategic mechanism that develops, examines, and disseminates both financial and non-financial information to strengthen management functions (Suarnita, 2024). Management accounting, often operationalized through a management accounting information system, produces information, both financial and non-financial, that enables managers to plan, regulate, and make effective decisions. Management accounting information systems provide the information needed to meet specific management objectives (Hansen and Mowen, 2009). The dimensions of management accounting information systems consist of wide scope, promptness, summarization, and interconnectedness (Chenhall & Deigan, 1986).

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Theoretical Framework and Hypothesis Development

Earlier studies indicate that the implementation of management accounting in MSMEs remains inconsistent and frequently less than effective (Yapardi, et al., 2025). The study of Holmes & Nicholls (1989) confirms that the existence of management accounting information correlates with the success of MSMEs. Research by Suprianto, et al. (2024) shows that management accounting has an effect on decision-making.

Management accounting information such as production costs also serves a crucial purpose in supporting decision-making and improving the performance of MSMEs (Nugrahaningsih, 2024). Recent research in Makassar shows that MSMEs are beginning to integrate internal financial statements and cost analysis as the basis for strategic decisions (Nurhidayah, et al., 2025).

RESEARCH METHODS

This research employs a quantitative design utilizing the survey technique on MSMEs in the city of Pekanbaru. Data was collected through questionnaires on accounting, management, and decision-making. The analysis was carried out by regression and descriptive to test The effect of independent variables (management accounting) on dependent variables (decision making).

The research population is MSMEs in Pekanbaru City with a total of 26,684 business units, the majority of which are micro businesses. The number of samples of 100 MSME actors was determined by the Slovin formula (e=0.1) with incidental sampling technique. This research employs a quantitative design utilizing the survey technique on MSMEs in the city of Pekanbaru. Data was collected through questionnaires on accounting, management, and decision-making. The analysis was carried out by regression and descriptive to test The effect of independent variables (management accounting) on dependent variables (decision making). The research population is MSMEs in Pekanbaru City with a total of 26,684 business units, the majority of which are micro businesses. The number of samples of 100 MSME actors was determined by the Slovin formula (e=0.1) with incidental sampling technique.

RESULTS AND DISCUSSION

Research Findings

Table 1. Descriptive Statistical Test

STATEMENT ITEMS	Minimum	Maximum	Mean	Std. Deviation
Y1	3	5	4.28	.637
Y2	3	5	4.34	.655
Y3	4	5	4.52	.502
Y4	3	5	4.28	.637
Y5	3	5	4.34	.655
Y6	4	5	4.52	.502
Y7	3	5	4.34	.655
Y8	3	5	4.28	.637
Y9	3	5	4.34	.655
Y10	4	5	4.52	.502
Y11	3	5	3.47	.577
Y12	3	5	3.74	.597
Y13	3	5	3.78	.504
Y14	4	5	4.63	.485

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STATEMENT ITEMS	Minimum	Maximum	Mean	Std. Deviation
Y15	3	5	3.78	.504
Y16	3	5	4.28	.637
Y17	3	5	4.34	.655
Y18	4	5	4.52	.502
Y19	3	5	4.28	.637
Y20	3	5	3.62	.616
X1	2	3	2.67	.473
X2	2	4	2.92	.692
X3	2	4	3.16	.721
X4	3	5	4.29	.640
X5	2	3	2.67	.473
X6	2	3	2.61	.490
X7	2	4	2.74	.505
X8	2	4	2.81	.563
X9	3	5	4.29	.640
X10	3	5	4.29	.640
X11	3	5	4.09	.653
X12	2	4	3.16	.721
X13	3	5	3.77	.510
X14	4	5	4.64	.482
X15	3	5	3.77	.510
X16	3	5	4.29	.640
X17	2	5	2.97	.745
X18	3	5	4.09	.653
X19	3	5	4.29	.640
X20	3	5	3.63	.614
Valid N (listwise)				

Source: Processed Data from SPSS Output 26 (2026)

Derived from the outcomes of the descriptive statistical test, the decision making variable (Y) obtained a minimum value of 3 and a maximum value of 5, the average value of the decision-making variable ranged from 3.47 to 4.52. A score close to 3.5 (i.e. 3.47) means that the indicator is considered quite good, but there is still room for improvement. A score close to 4.5 (i.e. 4.52) means that the indicator is considered very good. Respondents feel that the decision-making aspect of the indicator is running optimally. In general, an average above 3.5 indicates that the MSME decision-making mechanism is effective, with most indicators being in the "good" to "very good" category.

The decision-making variables in this study are at a high/positive level, meaning that the MSMEs that are respondents, in decision-making, already have goals, identification of alternative decisions to solve problems, calculations of factors that cannot be known before beyond the reach of humans, and means or tools to evaluate or measure the results of a decision-making. Thus, MSME actors in decision-making are relatively good. However, indicators with a score close to 3.47 need more attention because they still show weaknesses compared to other indicators. Respondents do not fully implement the components in decision-making, but have shown positive tendencies.

In the management accounting variable, a minimum score of 2 and a

maximum value of 5 were obtained, The average value of the management accounting variable was in the range of 2.62 to 4.26. A score of 2.62 indicates that some respondents are still not optimal in utilizing management accounting information. A score of 4.26 indicates that some respondents have implemented management accounting well. Overall, the management accounting variable is in the category of good to high. This means that MSME actors in this study have begun to utilize management accounting, although there are still variations between respondents. Some MSMEs are already at the mature stage (score >4), while others still need to increase capacity and understanding (score <3).

Table 2. Validity Test

Variabel	Statement Items	r count	sig	R table	nclusion
Decision Making (Y)	Y1	0.656	0,000	0,195	Valid
	Y2	0.674	0,000	0,195	Valid
	Y3	0.428	0,000	0,195	Valid
	Y4	0.636	0,000	0,195	Valid
	Y5	0.673	0,000	0,195	Valid
	Y6	0.425	0,000	0,195	Valid
	Y7	0.664	0,000	0,195	Valid
	Y8	0.655	0,000	0,195	Valid
	Y9	0.634	0,000	0,195	Valid
	Y10	0.418	0,000	0,195	Valid
	Y11	0.441	0,000	0,195	Valid
	Y12	0.304	0,000	0,195	Valid
	Y13	0.538	0,000	0,195	Valid
	Y14	0.243	0,000	0,195	Valid
	Y15	0.538	0,000	0,195	Valid
	Y16	0.616	0,000	0,195	Valid
	Y17	0.671	0,000	0,195	Valid
	Y18	0.425	0,000	0,195	Valid
	Y19	0.653	0,000	0,195	Valid
	Y20	0.347	0,000	0,195	Valid
Management Accounting (X)	X1	0.303	0,000	0,195	Valid
	X2	0.523	0,000	0,195	Valid
	X3	0.432	0,000	0,195	Valid
	X4	0.728	0,000	0,195	Valid
	X5	0.305	0,000	0,195	Valid
	X6	0.281	0,000	0,195	Valid
	X7	0.244	0,000	0,195	Valid
	X8	0.206	0,000	0,195	Valid
	X9	0.722	0,000	0,195	Valid
	X10	0.730	0,000	0,195	Valid
	X11	0.272	0,000	0,195	Valid
	X12	0.412	0,000	0,195	Valid
	X13	0.469	0,000	0,195	Valid
	X14	0.340	0,000	0,195	Valid
	X15	0.467	0,000	0,195	Valid
	X16	0.721	0,000	0,195	Valid
	X17	0.447	0,000	0,195	Valid
	X18	0.272	0,000	0,195	Valid
	X19	0.740	0,000	0,195	Valid
	X20	0.407	0,000	0,195	Valid

Source: Processed Data from SPSS Output 26 (2026)

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In light of the outcomes of the validity test, all statement items in the decision-making variable had a calculated r value greater than the r of the table (0.195). In addition, all items had a significance value of 0.000, which is less than 0.05. Therefore, every questionnaire item in the decision-making variable were recognized as accurate and fit for implementation within the research.

In the management accounting variable, all questionnaire items show a computed r value exceeding the tabulated r value (0.195). In addition, all items have a significance value of 0.000, which is less than 0.05. Thus, all statement items in the management accounting the variable is recognized as accurate and fit for implementation within the research.

Table 3. Reliability Test

No	Variabel	Cronbach's alpha	Remarks
1	Decision Making	0,802	Reliabel
2	Management Accounting	0,876	Reliabel

Source: Processed Data from SPSS Output 26 (2026)

Based on the evidence from the reliability examination, the decision-making variable had a Cronbach's Alpha value of 0.802 and a management accounting variable of 0.876. All of the Cronbach's Alpha values were above the set minimum limit, which was 0.70. The results showed that all research instruments had an excellent level of reliability.

Table 4. K-S Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	4.82575637
Most Extreme Differences	Absolute	.076
	Positive	.048
	Negative	-.076
Test Statistic		.076
Asymp. Sig. (2-tailed)		.162[c]

Source: Processed Data from SPSS Output 26 (2026)

Based on the results of the One-Sample Kolmogorov-Smirnov Test, an Asymp Sig. (2-tailed) value of 0.162 > 0.05 was obtained, so it can be concluded that the residual data in the study regarding the influence of management accounting on the decision-making of MSME actors in Pekanbaru City are normally distributed. The normality of the data can also be seen from the following P-Plot Graph.

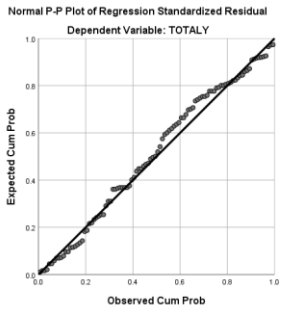


Figure 1. P-Plot Diagram
Source: Processed Data from SPSS Output 26 (2026)

Based on the Normal P-P Plot of Regression Standardized Residual, it can be seen that the residual points are spread around the diagonal line and follow the direction of the diagonal line. Although there

are some points that are slightly away from the line, in general the pattern of point distribution still follows the diagonal line. This condition shows that the residual in the regression model is normally distributed.

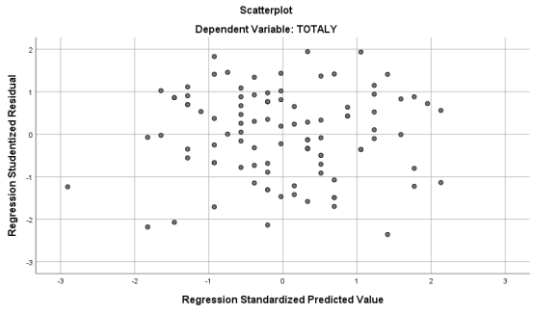


Figure 2. Scatterplot Chart
Source: Processed Data from SPSS Output 26 (2026)

Based on the results of the heteroscedasticity test using the scatterplot method, it is known that the residual points are scattered randomly around the zero line and do not form a clear pattern. The points are scattered both above and below the number 0 on the Y axis without showing a specific pattern, such as a constricting or widening pattern. This indicates that the residual variance is constant at the entire prediction level. Thus, it can be concluded that the regression model does not experience heteroscedasticity so the classical assumption of heteroscedasticity has been fulfilled. The results of simple linear regression analysis can be seen in Table 1.

Table 5. Simple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	29.177	6.256		4.663	.000
	Management Accounting	.773	.088	.665	8.821	.000

Source: Processed Data from SPSS Output 26 (2026)

Based on the results of the simple linear regression test, the following regression equations are obtained:

$Y = \beta X + e$

$Y = 29{,}177 + 0{,}773X$

The equation shows that a constant value of 29.177 indicates that if the management accounting variable is considered constant or zero, then the decision-making value is 29.177. The regression coefficient of the management accounting variable of 0.773 indicates that every increase in management accounting by one unit will increase decision-making by 0.773 units.

Hypothesis test (t-test) is used to determine the influence of independent variables on dependent variables. The test is carried out by comparing the value of t calculated with the t table and looking at the significance value. With a sample count of 100 and a significance level of 5%, a table t-value of 1.984 was obtained. From Table 5. It can be seen that the management accounting variable has a t-count of 8.821 and a significance of 0.000 where t-count (8.821) > t-table (1.984) and a significance of 0.000 < 0.05. The results of the t-test show that the accepted hypothesis, namely management accounting, has a positive and significant effect on decision-making.

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The determination coefficient (R^2) test is used to measure how capable an independent variable is in explaining a dependent variable. The results of the determination coefficient (R2) test can be seen in Table 2.

Table 6. Coefficient of Determination Test (R2)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.665[a]	.443	.437	4.850

Source: Processed Data from SPSS Output 26 (2026)

The determination coefficient (R^2) test is used to measure how capable an independent variable is in explaining a dependent variable. Based on the test results, the R Square (R^2) value was obtained of 0.443. The R-Square value of 0.443 indicates that the management accounting variable is able to explain the variation in decision-making by 44.3%, the remaining 55.7% is explained by other factors outside the research model that were not studied in this study.

In addition, the value of R = 0.665 indicates that there is a positive and strong relationship between the management accounting variable (X) and the decision-making variable (Y). When the value of X increases, the value of Y tends to increase as well. The strength of the relationship is in the "strong" category, as it is between 0.60–0.799 (Sugiyono, 2019).

Based on the results of the hypothesis test (t-test), the management accounting variable obtained a t-count value of 8.821 and a significance of 0.000 where t-count (8.821) > t-table (1.984) and significance of 0.000 < 0.05. The results of the t-test show that the accepted hypothesis is that management accounting has a positive and significant effect on MSME decision-making in Pekanbaru City.

The positive regression coefficient shows that the higher the application of management accounting, the better the quality of MSME decision-making. Management accounting practices help MSME actors in preparing budgets, controlling costs, and setting selling prices more rationally. The significance of the t-test results confirms that management accounting is not just a supporting factor, but a key variable in the decision-making process. In other words, MSMEs that implement management accounting have a greater chance of making the right business decisions. The large R^2 value also indicates that the management accounting variable is able to explain most of the variation in MSME decision-making.

The positive regression coefficient shows that the higher the application of management accounting, the better the quality of MSME decision-making. Management accounting practices help MSME actors in preparing budgets, controlling costs, and setting selling prices more rationally. The significance of the t-test results confirms that management accounting is not just a supporting factor, but a key variable in the decision-making process. In other words, MSMEs that implement management accounting have a greater chance of making the right business decisions. The large R^2 value also indicates that the management accounting variable is able to explain most of the variation in MSME decision-making.

These findings are in line with Simon (1977) managerial decision-making theory which emphasizes the importance of

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structured information as the basis for business decisions. Simon introduced the concept of bounded rationality, which states that decision-makers are not always able to achieve fully optimal decisions due to limited information, time, and cognitive abilities. In the context of UMKM in Pekanbaru, this condition is evident as managers often rely on management accounting information to make decisions that are satisfactory rather than optimal. The empirical findings of this study confirm that management accounting reduces uncertainty and supports decision-making within the limits of bounded rationality, thereby strengthening Simon's theoretical framework.

Management accounting provides relevant financial and non-financial data, helping MSMEs identify business problems and understand business conditions more clearly. Management accounting information is used to design alternative decisions, for example in pricing, cost control, or investment planning. With management accounting information, MSMEs can choose alternative decisions that are more rational and reduce the risk of errors. This supports the achievement of more effective decisions, although it remains within the limits of limited rationality. Management accounting functions as a rationality tool that minimizes information limitations, so that MSME decisions are not only "quite satisfactory" but also closer to optimal.

In the context of MSMEs in the city of Pekanbaru, the application of management accounting helps business actors to be more rational in determining prices, managing costs, and planning business strategies. This has an impact on increasing the operational efficiency and competitiveness of MSMEs in the city of Pekanbaru.

These findings are consistent with the study of Holmes and Nicholls (1989) and the latest research in Makassar (Nurhidayah et al., 2025), which shows that management accounting information correlates with the success of MSMEs. The novelty of this research lies in the empirical focus in the city of Pekanbaru, so as to make a specific local contribution to the development of MSMEs in the area. Thus, this research not only strengthens the academic literature, but also provides practical implications for local governments and educational institutions to increase the accounting capacity of MSME management through training and mentoring.

CONCLUSION AND SUGGESTION

Management accounting has a positive and significant effect on MSME decision-making in the city of Pekanbaru in line with Simon's theory. Management accounting functions as a rationality tool that minimizes information limitations, so that MSME decisions are not only "quite satisfactory" but also closer to optimal.

MSMEs need to improve the understanding and application of management accounting in their daily business activities. Simple practices such as cost logging, financial reporting, and cost-plus pricing can help produce more rational decisions and reduce the risk of loss. The Pekanbaru City Government, in this case the Pekanbaru City Cooperatives and SMEs Office, is advised to organize continuous training and assistance regarding management accounting for MSMEs. This program can be focused on the preparation of financial statements, the calculation of cost of production, and the use of accounting information for business planning. Further research can expand independent variables, for example adding factors such as the quality of human resources, access to

capital, or the use of digital technology. Thus, the research model will be more comprehensive in explaining the factors that affect MSME decision-making.

THE USE OF AI OR AI-ASSISTED TECHNOLOGIES

During the preparation of this work, the author(s) used AI tools solely to translate the manuscript from Indonesian into English. After using the tool, the author(s) reviewed and edited the translation as needed and take full responsibility for the content of the publication.

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