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Audited Financial Statements, Financial Literacy, Perceived Audit Costs, And Access To Financing Among Culinary

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Abstract

This study offers originality by examining access to financing among culinary MSMEs through the combined lens of audited financial statements, financial literacy, and perceived audit costs, a relationship that remains underexplored in the local context of Banyumas Regency. The study aims to analyze whether these three factors influence the ease of access to external financing for culinary MSMEs. A quantitative explanatory approach with a cross-sectional survey design was employed. Data were collected from 135 owners/managers of culinary MSMEs affiliated with ASPIKMAS Patikraja, Banyumas Regency, using a structured questionnaire with a five-point Likert scale. The data were analyzed using PLS-SEM with bootstrapping of 5,000 resamples. The empirical results show that the model has very weak explanatory power ($R^2 = 0.011$), and none of the proposed predictors significantly affect financing access: audited financial statements ($\beta = -0.097$; $p = 0.256$), financial literacy ($\beta = -0.002$; $p = 0.977$), and perceived audit costs ($\beta = -0.039$; $p = 0.670$). These findings imply that financing access among culinary MSMEs is likely shaped more by contextual lending factors, such as collateral, cash-flow stability, business legality, and relationship lending, than by audit-related attributes alone.

Keywords:
audited, financial, literacy; MSMEs

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) occupy a strategic position in Indonesia's economy due to their dominance in the number of business units, their substantial capacity to absorb labor, and their role in stimulating regional economic activity. Policy publications and government reports consistently indicate that MSMEs employ around **97%** of the national workforce and contribute more than 60% of Indonesia's GDP, meaning that MSME resilience is critical to economic stability, particularly during economic shocks and shifts in consumer behavior (Nurprabowo & Meilani, 2023). However, as noted by Erwin Haryono (2023)this substantial contribution has not been fully matched by adequate business governance, especially in terms of financial reporting quality and access to formal financing.

At the local level, Banyumas Regency is among the regions with a prominent MSME base, including the culinary sector, which has grown rapidly alongside rising consumer demand, the expansion of the creative economy, and the digitalization of marketing. Local government sources and credible reports suggest that the number of MSME actors in Banyumas is considerable—reported to be close to 100,000—across diverse sectors, with culinary businesses standing out as one of the most significant segments (Sumarwoto & Heru Suyitno, 2025). This large MSME population implies that policies and interventions aimed at strengthening access to capital could generate tangible impacts on Banyumas's economic growth, job creation, and community welfare (Sumarwoto & Heru Suyitno, 2025).

Nevertheless, access to financing remains a major challenge for MSMEs. From the perspective of financial institutions, common constraints include limited collateral and weak availability and quality of financial information, which makes creditworthiness assessments riskier. Bank Indonesia, for instance, emphasizes that collateral constraints and the availability of financial statements are key barriers for banks to effectively serve the MSME market (Erwin Haryono, 2023). Bank Indonesia also explains that many MSME actors experience difficulties in accessing credit due to technical constraints such as collateral, as well as non-technical constraints such as limited information and insufficient administrative readiness (Erwin Haryono, 2023). Therefore, MSME financing constraints are not merely about whether credit products exist, but also about bankability, which is largely shaped by the strength of administrative evidence and reliable financial information (Azizeh et al., 2022).

Within the framework of information asymmetry, MSME owners possess internal knowledge of business conditions, while creditors require formal evidence to evaluate risk and business prospects. Financial statements are essential instruments because they function as the "language of business" for demonstrating performance, cash flows, and repayment capacity. In practice, however, many MSMEs still face bookkeeping problems: records are often incomplete, not standardized, and frequently mixed with personal finances, making financial information difficult to use as a basis for financing decisions. Bank Indonesia further underscores that the ability of MSMEs to produce financial statements is a primary tool for financial institutions in assessing credit eligibility (Erwin Haryono, 2023). This situation tends to push lenders back toward collateral-based approaches, which ultimately constrains promising MSMEs that lack sufficient guarantees.

One strategy to strengthen the credibility of financial statements is through auditing (or independent assurance services) (Silaen & Dewayanto, 2024). Conceptually, an audit aims to provide reasonable assurance that financial statements are free from material misstatement and are prepared in accordance with an applicable reporting framework, thereby enhancing users' trust in the information presented .For small businesses, audits are also considered capable of building trust in financial statements and supporting access to financing (Paul Thompson, 2014). Cross-country empirical evidence indicates that firms with audited financial statements tend to have better access to formal credit than those without audits (OECD, 2018). In the MSME context, such findings reinforce the argument that auditing can serve as a credibility signal that reduces creditors' uncertainty about the quality of financial information (Thottoli et al., 2021).

However, implementing audits in MSMEs is not without barriers. MSMEs often perceive audits as complex, requiring substantial document readiness, and—most importantly—as involving relatively high costs given the scale of their operations (Efrim Boritz et al., 2017). This cost barrier matters because the perception that "audits are expensive" can reduce MSMEs' willingness to undergo an audit, even though audits may increase financing opportunities. In other words, there is a trade-off between credibility benefits and cost burdens. This issue becomes even more relevant in MSME strengthening initiatives because many MSMEs prioritize daily operational expenditures—particularly in the culinary sector, which typically has rapid cash cycles, routine raw-material needs, and vulnerability to demand fluctuations—thus making spending on audit services seem less urgent (Haliana, 2026).

Beyond auditing, an internal factor that strongly influences MSMEs' readiness to access financing is financial literacy (Wiralestari & Hernando, 2020). The Financial Services Authority (OJK) defines financial literacy as the knowledge, skills, and confidence that influence attitudes and behaviors to improve the quality of decision-making and financial management (Plt. Kepala Departemen Literasi, 2025). The OECD/INFE likewise emphasizes financial literacy as a combination of awareness, knowledge, skills, attitudes, and behaviors required to make effective financial decisions, including for micro and small business actors in managing business sustainability (OECD, 2018). In the MSME context, financial literacy supports the ability to maintain bookkeeping, separate business and personal finances, understand financing costs, prepare application documents, and evaluate the suitability of credit products (Amelia, Sindi; Paramitalaksami, 2024).

At the national level, OJK and BPS reported that Indonesia's financial literacy index (sustainable methodology) reached 66.46% and the financial inclusion index reached 80.51% in 2025, increasing from 2024 (Plt. Kepala Departemen Literasi, 2025). However, the same report highlights disparities between urban and rural areas, where rural financial literacy tends to be lower (Plt. Kepala Departemen Literasi, 2025). This gap is particularly relevant for regions with mixed urban–rural characteristics such as Banyumas, because a substantial proportion of culinary MSMEs operate in non-urban or semi-urban areas. Accordingly, strengthening financial literacy remains essential as a foundation for improving financial reporting quality and enhancing readiness to access financing (Primasari et al., 2020).

Theoretically, the relationships among the study variables can be explained through information asymmetry and signaling theory. Audited financial statements may act as a credibility signal that lowers lenders' perceived risk and improves access to financing (Mellinia et al., 2023). Meanwhile, financial literacy strengthens MSMEs' managerial capacity and administrative readiness, increasing the likelihood of successful financing applications (Eka et al., 2024). Conversely, perceived audit costs may inhibit audit adoption and reduce MSMEs' motivation to improve reporting quality through independent assurance, ultimately affecting the ease of access to financing (Institute For Development of Economics and Finance (INDEF), 2024).

Although research on MSME access to finance is extensive, studies that integrate three dimensions simultaneously—namely audited financial statements, financial literacy, and perceived audit costs—into a single explanatory model of financing access remain relatively limited, particularly for culinary MSMEs at the regency level. Many studies position financial literacy or bookkeeping quality as predictors of credit access, yet few explicitly examine "audit as a credibility signal" together with "audit costs as a perceptual barrier" in MSME settings. Meanwhile, Bank Indonesia has stressed that the availability of financial statements constitutes a real barrier to MSME financing (Erwin Haryono, 2023), which creates a clear opportunity to test whether auditing (as a mechanism to strengthen reporting credibility) is indeed associated with easier access to financing at the MSME level (Tambunan et al., 2022).

The novelty of this study lies in testing a model that combines (1) financial statement auditing as a mechanism for enhancing information credibility, (2) financial literacy as MSME owners' internal capacity, and (3) perceived audit costs as a behavioral/decision barrier, to explain the ease of access to financing among culinary MSMEs in Banyumas Regency. This novelty is further supported by Banyumas's context as a region with a large MSME population (nearly 100,000 actors), making the findings potentially relevant for designing local interventions to improve MSME bankability (Antara Jateng, 2025).

Based on the above rationale, this study aims to analyze: (1) the effect of audited financial statements on the ease of access to financing, (2) the effect of financial literacy on the ease of access to financing, and (3) the effect of perceived audit costs on the ease of access to financing among culinary MSMEs in Banyumas Regency. Practically, the findings are expected to inform local governments and MSME support organizations in designing programs to strengthen bookkeeping and financial literacy, and to guide accounting/auditing professionals and financial institutions in developing more proportionate and affordable assurance schemes for MSMEs, so that improvements in financial reporting credibility translate into more inclusive access to financing.

Micro, small, and medium enterprises (MSMEs) occupy a strategic position in Indonesia's economy due to their dominance in the number of business units, their substantial capacity to absorb labor, and their role in stimulating regional economic activity. Policy publications and government reports consistently indicate that MSMEs employ around 97% of the national workforce and contribute more than 60% of Indonesia's GDP, meaning that MSME resilience is critical to economic stability, particularly during economic shocks and shifts in consumer behavior (Nurprabowo & Meilani, 2023). However, as noted by Erwin Haryono, (2023), this substantial contribution has not been fully matched by adequate business governance, especially in terms of financial reporting quality and access to formal financing.

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Nevertheless, access to financing remains a major challenge for MSMEs. From the perspective of financial institutions, common constraints include limited collateral and weak availability and quality of financial information, which makes creditworthiness assessments riskier. Bank Indonesia, for instance, emphasizes that collateral constraints and the availability of financial statements are key barriers for banks to effectively serve the MSME market (Erwin Haryono, 2023). Bank Indonesia also explains that many MSME actors experience difficulties in accessing credit due to technical constraints such as collateral, as well as non-technical constraints such as limited information and insufficient administrative readiness (Erwin Haryono, 2023). Therefore, MSME financing constraints are not merely about whether credit products exist, but also about bankability, which is largely shaped by the strength of administrative evidence and reliable financial information.

Within the framework of information asymmetry, MSME owners possess internal knowledge of business conditions, while creditors require formal evidence to evaluate risk and business prospects (Putu Diah Pradnya Paramitha Pradnya & Gede Adi Yuniarta, 2024). Financial statements are essential instruments because they function as the “language of business” for demonstrating performance, cash flows, and repayment capacity. In practice, however, many MSMEs still face bookkeeping problems: records are often incomplete, not standardized, and frequently mixed with personal finances, making financial information difficult to use as a basis for financing decisions. Bank Indonesia further underscores that the ability of MSMEs to produce financial statements is a primary tool for financial institutions in assessing credit eligibility (Erwin Haryono, 2023). This situation tends to push lenders back toward collateral-based approaches, which ultimately constrains promising MSMEs that lack sufficient guarantees (Octavia & Rita, 2021).

One strategy to strengthen the credibility of financial statements is through auditing (or independent assurance services). Conceptually, an audit aims to provide reasonable assurance that financial statements are free from material misstatement and are prepared in accordance with an applicable reporting framework, thereby enhancing users’ trust in the information presented (Paul Thompson, 2014). For small businesses, audits are also considered capable of building trust in financial statements and supporting access to financing (IFAC, 2014). Cross-country empirical evidence indicates that firms with audited financial statements tend to have better access to formal credit than those without audits (Bahruddin & Tahir, 2024). In the MSME context, such findings reinforce the argument that auditing can serve as a credibility signal that reduces creditors’ uncertainty about the quality of financial information.

However, implementing audits in MSMEs is not without barriers. MSMEs often perceive audits as complex, requiring substantial document readiness, and—most importantly—as involving relatively high costs given the scale of their operations (Sudrajad et al., 2023). This cost barrier matters because the perception that “audits are expensive” can reduce MSMEs’ willingness to undergo an audit, even though audits may increase financing opportunities (Mualim Hasibuan & Manajemen Vol, 2024). In other words, there is a trade-off between credibility benefits and cost burdens. This issue becomes even more relevant in MSME strengthening initiatives because many MSMEs prioritize daily operational expenditures—particularly in the culinary sector, which typically has rapid cash cycles, routine raw-material needs, and vulnerability to demand fluctuations—thus making spending on audit services seem less urgent (Arens, 2014; Gyamera & Eklemet, 2024).

Beyond auditing, an internal factor that strongly influences MSMEs' readiness to access financing is financial literacy. The Financial Services Authority (OJK) defines financial literacy as the knowledge, skills, and confidence that influence attitudes and behaviors to improve the quality of decision-making and financial management (Plt. Kepala Departemen Literasi, 2025). The OECD/INFE likewise emphasizes financial literacy as a combination of awareness, knowledge, skills, attitudes, and behaviors required to make effective financial decisions, including for micro and small business actors in managing business sustainability (OECD, 2018). In the MSME context, financial literacy supports the ability to maintain bookkeeping, separate business and personal finances, understand financing costs, prepare application documents, and evaluate the suitability of credit products.

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Theoretically, the relationships among the study variables can be explained through information asymmetry and signaling theory. Audited financial statements may act as a credibility signal that lowers lenders' perceived risk and improves access to financing. Meanwhile, financial literacy strengthens MSMEs' managerial capacity and administrative readiness, increasing the likelihood of successful financing applications. Conversely, perceived audit costs may inhibit audit adoption and reduce MSMEs' motivation to improve reporting quality through independent assurance, ultimately affecting the ease of access to financing (Primasari et al., 2020).

Although research on MSME access to finance is extensive, studies that integrate three dimensions simultaneously—namely audited financial statements, financial literacy, and perceived audit costs—into a single explanatory model of financing access remain relatively limited, particularly for culinary MSMEs at the regency level (Onome Imoniana et al., 2023). Many studies position financial literacy or bookkeeping quality as predictors of credit access, yet few explicitly examine "audit as a credibility signal" together with "audit costs as a perceptual barrier" in MSME settings. Meanwhile, Bank Indonesia has stressed that the availability of financial statements constitutes a real barrier to MSME financing (Samudra, 2020), which creates a clear opportunity to test whether auditing (as a mechanism to strengthen reporting credibility) is indeed associated with easier access to financing at the MSME level (Pujiastuti, 2023).

The novelty of this study lies in testing a model that combines (1) financial statement auditing as a mechanism for enhancing information credibility, (2) financial literacy as MSME owners' internal capacity, and (3) perceived audit costs as a behavioral/decision barrier, to explain the ease of access to financing among culinary MSMEs in Banyumas Regency. This novelty is further supported by Banyumas's context as a region with a large MSME population (nearly 100,000 actors) (Banyumas, 2024), making the findings potentially relevant for designing local interventions to improve MSME bankability (Antara Jateng, 2025).

Based on the above rationale, this study aims to analyze: (1) the effect of audited financial statements on the ease of access to financing, (2) the effect of financial literacy on the ease of access to financing, and (3) the effect of perceived audit costs on the ease of access to financing among culinary MSMEs in Banyumas Regency. Practically, the findings are expected to inform local governments and MSME support organizations in designing programs to strengthen bookkeeping and financial literacy, and to guide accounting/auditing professionals and financial institutions in developing more proportionate and affordable assurance schemes for MSMEs, so that improvements in financial reporting credibility translate into more inclusive access to financing (I. M. Hasibuan & Marliyah, 2024; Kristianto, Giovanny; Naufalin, Rifda; Yustisia, 2023).

Overall, the literature suggests (1) audited financial statements can strengthen credibility signals and improve access to credit, (2) financial literacy enhances MSMEs' internal readiness to approach formal lenders, and (3) cost perceptions can inhibit audit adoption and reduce the potential benefits of assurance. Nevertheless, empirical studies that integrate these three dimensions—audited financial statements, financial literacy, and perceived audit costs—into a unified framework focused on culinary MSMEs at the regency level remain limited. This gap motivates the current study in Banyumas Regency.

Hypotheses Development

H1: Audited financial statements positively affect the ease of access to financing.

Signaling theory suggests that audits can function as credible signals to reduce information asymmetry between MSMEs and lenders (Aldurаywish, 2023). Empirical findings indicate that audited firms tend to have better formal credit access than non-audited firms (Alduraywish, 2023), and audited financial statements increase the probability of obtaining bank finance in several contexts.

H1: MSMEs with audited financial statements have greater ease of access to financing.

H2: Financial literacy positively affects the ease of access to financing.

Financial literacy strengthens MSME owners' ability to manage records, prepare financing documents, understand borrowing costs, and make sound financial decisions (OECD, 2018).Empirical evidence also supports the role of financial literacy in improving formal credit access and related outcomes for MSMEs.

H2: Higher financial literacy is associated with greater ease of access to financing for MSMEs.

H3: Perceived audit costs negatively affect the ease of access to financing.

Prior studies show that SMEs may avoid audits when perceived costs outweigh perceived benefits, reducing the likelihood of adopting assurance mechanisms that could strengthen reporting credibility (Weik et al., 2018). Practitioner evidence further indicates that audit cost perceptions are a major barrier for SMEs. Therefore, higher perceived audit costs may discourage audit adoption and weaken the credibility of financial reporting, which may reduce financing ease.

H3: Perceived audit costs negatively affect the ease of access to financing among MSMEs

METHODS

This study employed a quantitative explanatory design using a cross-sectional survey to examine the effects of audited financial statements, financial literacy, and perceived audit costs on the ease of access to financing among culinary MSMEs in Banyumas Regency, Indonesia. The unit of analysis was the firm, represented by the owner/manager responsible for financial decisions. The sample consisted of 150 culinary MSMEs drawn purposively from ASPIKMAS in Patikraja Subdistrict, Banyumas Regency, with inclusion criteria of operating for at least one year and having experience applying for or intending to seek external financing. Data were collected using a structured questionnaire (Bahasa Indonesia) distributed online and supported by assisted administration when necessary. Participation was voluntary; respondents provided informed consent, and all responses were kept confidential and reported only in aggregate form.

All latent constructs were measured using a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree), while audited financial statements were measured as a dummy variable (1 = audited/assured by an independent party; 0 = not audited). Ease of access to financing captured perceived ease in meeting requirements, procedures, approval, and disbursement. Financial literacy measured basic financial knowledge and skills relevant to bookkeeping and financing decisions. Perceived audit costs measured the extent to which audit costs are perceived as expensive and a barrier to using audit/assurance services. Data were analyzed using PLS-SEM with SmartPLS and significance testing was conducted through bootstrapping (500 subsamples). The measurement model was evaluated using indicator loadings (≥ 0.70), composite reliability (CR ≥ 0.70), average variance extracted (AVE ≥ 0.50), and discriminant validity (HTMT < 0.90). The structural model was assessed using collinearity diagnostics (VIF < 5), path coefficients, and explained variance (R^2). Control variables were included to reduce bias, namely business age, monthly income, business type, legal status, financial literacy background, and audit status.

RESULT AND DISCUSSION

This study involved 135 respondents from culinary MSMEs affiliated with or connected to ASPIKMAS, Patikraja Subdistrict, Banyumas Regency. The dataset used in this chapter contains only construct indicators from the questionnaire (Y1–Y5, X1_1–X1_5, X2_1–X2_5, X3_1–X3_5). Socio-demographic and business profile variables (e.g., firm age, monthly revenue, business legality, and business type) were not available in the uploaded file; therefore, the respondent profile is presented in terms of construct-level perception profiles, not demographic characteristics.

Prior to analysis, item direction was checked. Several indicators showed patterns consistent with negatively worded items, therefore reverse-coding was applied using the transformation (6 − score) to ensure consistent interpretation (higher values reflect higher levels of the construct). Reverse-coding was applied to: Y4, X1_2, X2_1, X2_4, and X3_4.

Table 4.1 presents descriptive statistics for construct scores (computed as the mean of indicators after reverse-coding).

Table 4.1. Descriptive Statistics of Construct Scores (N = 135)

Variable	**in**	**ax**	**ean**	**S td. Dev.**
Y (Ease of Access to Financing)	.00	.60	**.256**	0 .555
X1 (Audited Financial				0

Statements)	.80	.60	**.390**	.556
X2 (Financial Literacy)	.80	.40	**.039**	0.526
X3 (Perceived Audit Cost)	.00	.60	**.292**	0.554

To describe respondents' tendencies, construct scores were categorized into low (1.00–2.33), moderate (2.34–3.66), and high (3.67–5.00) levels. The distribution is shown in Table 4.2.

Table 4.2. **Construct Score Categories**

Variable	**ow**	**Moderate**	**igh**
Y		**99**	8
X1		**87**	6
X2	0	**110**	5
X3		**96**	4

Overall, most respondents fell into the moderate category across all constructs, indicating that responses were generally centered around the mid-range. In predictive models, limited dispersion may reduce the ability of predictors to explain meaningful variance in the dependent construct.

PLS-SEM Results: Measurement Model (Outer Model)

The measurement model evaluation was conducted to assess construct reliability and validity. Internal consistency reliability was examined using Cronbach's Alpha, as summarized in Table 4.3.

Table 4.3. Internal Consistency Reliability (Cronbach's Alpha)

Construct	**Cronbach's Alpha**
Y	0.244
X1	0.299
X2	0.215
X3	0.315

The alpha values are below the commonly used threshold (≥ 0.70), indicating that the indicators within each construct do not yet measure the underlying concept consistently.

Convergent validity was assessed through Composite Reliability (CR) and Average Variance Extracted (AVE). The results are presented in Table 4.4.

Table 4.4. Convergent Validity (CR and AVE)

Construct	**Composite Reliability (CR)**	**VE**
Y	0.624	

		.251
X 1	0.640	.265
X 2	0.615	.242
X 3	0.646	.269

All CR values remain below 0.70 and AVE values are well below 0.50, suggesting that convergent validity has not been achieved. Substantively, the indicators do not explain a sufficient proportion of variance in their corresponding construct.

Discriminant validity was tested using the Heterotrait–Monotrait Ratio (HTMT), shown in Table 4.5.

Table 4.5. Discriminant Validity (HTMT)

		1	**2**	**3**
	.000	.563	.777	.708
1	.563	.000	.737	.707
2	.777	.737	.000	**.990**
3	.708	.707	**.990**	.000

The HTMT value for X2–X3 (0.990) exceeds the recommended threshold (HTMT < 0.90), indicating a discriminant validity problem: Financial Literacy (X2) and Perceived Audit Cost (X3) are empirically difficult to distinguish based on this dataset.

These measurement model results are important for interpretation. When reliability and validity are weak, structural path estimates are often attenuated, and hypothesis tests may become non-significant not only because relationships are absent, but also because constructs are not measured with sufficient precision.

PLS-SEM Results: Structural Model (Inner Model)

The structural model evaluation assessed predictive power and the significance of relationships among constructs in line with the hypotheses. First, multicollinearity was examined using VIF. As shown in Table 4.6, all VIF values are below 5, indicating no collinearity concerns.

Table 4.6. Collinearity Assessment (VIF)

P ath to Y	**IF**
X 1 → Y	.005
X 2 → Y	.052
X 3 → Y	.048

The coefficient of determination for the endogenous construct Y is $R^2 = 0.011$, meaning the model explains only 1.1% of the variance in ease of access to financing. This indicates low explanatory power and suggests that other determinants outside the current model may play a more dominant role in explaining financing accessibility in this context.

Hypothesis testing was performed using bootstrapping with 5,000 resamples. The results are presented in Table 4.7.

Table 4.7. Hypothesis Testing Results (Bootstrapping 5,000)

Hypothesis	**Path**				**95% CI**
H1	X1 → Y	0.097	.136	.256	[-0.259; 0.076]
H2	X2 → Y	0.002	.029	.977	[-0.157; 0.155]
H3	X3 → Y	0.039	.426	.670	[-0.223; 0.139]

All three paths are not statistically significant ($p > 0.05$), and the 95% confidence intervals cross zero. Therefore, H1, H2, and H3 are not supported in this sample.

A path diagram illustrating the structural model and R^2 is presented in Figure 1 (PLS-SEM Path Model).

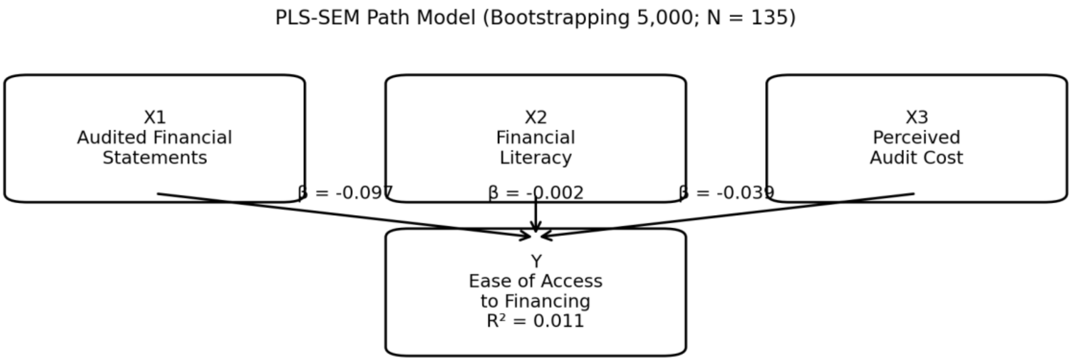

Figure 1. PLS-SEM Path Model

Discussion and Interpretation

Audited Financial Statements and Ease of Access to Financing (H1)

H1 proposed that audited financial statements influence the ease of access to financing. However, the PLS-SEM results show that X1 → Y is not significant ($\beta = -0.097$; $p = 0.256$). Theoretically, auditing can serve as a credibility signal that reduces information asymmetry between MSMEs and lenders. Nonetheless, in micro and small business contexts—particularly community-based culinary MSMEs—financing decisions often rely more heavily on "hard" lending criteria such as collateral availability, cash-flow stability, documented sales evidence, credit history, business legality, and relationship lending, rather than formal assurance signals. If the lenders accessed by respondents do not use audited statements as a key screening factor, the audit construct is unlikely to emerge as a significant predictor of perceived financing access.

In addition, the non-significant relationship may also be associated with measurement quality (Alduraywish, 2023; Wang & Chen, 2021). The reliability and convergent validity results for X1 are weak, suggesting that the construct may not capture meaningful variation in audit-related practices that are relevant to financing outcomes (André Strand Aase, 2022).

Financial Literacy and Ease of Access to Financing (H2)

H2 proposed that financial literacy affects ease of access to financing. The results indicate that X2 → Y is not significant ($\beta = -0.002$; $p = 0.977$). Conceptually, financial literacy should strengthen bookkeeping practices, administrative readiness, and the ability to evaluate borrowing costs—factors that are expected to facilitate financing access. However, in this dataset, the direct effect is not observed.

A strong explanation is that financial literacy may operate indirectly. In practice, literacy often improves financial record quality, loan application readiness, and cash management (Faizal Rizky Yuttama & Yadi Fakhruzein Terang Jaya, 2025), which then influence financing outcomes. If the model tests only the direct pathway from literacy to financing access without including mediators (reporting quality or loan readiness) (Kurniawan & Setiawan, 2021), the effect may not appear in the structural model (Asaidah & Izzaty, 2020).

Moreover, discriminant validity results indicate that X2 overlaps substantially with X3 (HTMT ≈ 0.990). Such overlap reduces the model's ability to isolate the unique contribution of financial literacy.

Perceived Audit Cost and Ease of Access to Financing (H3)

H3 proposed that perceived audit cost affects financing access. The results show that X3 → Y is not significant ($\beta = -0.039$; $p = 0.670$), although the negative direction is consistent with the notion that perceived audit costs may discourage the use of assurance services and thus weaken credibility-building efforts.

In this setting, perceived audit costs may not strongly relate to financing access because audits may not be a common practice or a relevant requirement for the financing channels typically used by these MSMEs (Asaidah & Izzaty, 2020). If audit/assurance is not embedded in the financing process experienced by respondents, perceptions of audit cost will not translate into observable differences in perceived financing access. Again, overlap with financial literacy (HTMT ≈ 0.990) likely attenuates the unique explanatory power of X3.

Overall, the findings indicate that audited financial statements (X1), financial literacy (X2), and perceived audit cost (X3) do not significantly predict ease of access to financing (Y) among culinary MSMEs in ASPIKMAS Patikraja. Three key reasons support this interpretation: (a) Contextual lending determinants may dominate financing access (collateral, cash flow, sales proof, legality, credit history, and relationship lending), reducing the salience of audit and literacy as direct predictors. (b) Model specification may require mediating mechanisms. Financial literacy and audit-related factors are more plausibly linked to financing access through reporting quality or loan readiness, rather than via direct effects. (c) Measurement limitations are evident (low reliability and convergent validity, and weak discriminant validity between X2 and X3). These issues can substantially weaken structural path estimates.

Practically, the results suggest that initiatives to improve MSMEs' financing access in Patikraja should not rely solely on promoting audits and general financial literacy. More impactful interventions may focus on lender-relevant documentation and readiness: consistent transaction recording, reliable sales and cash-flow evidence, business legality, and complete loan application documentation. For accounting and assurance providers, the findings imply that assurance offerings for MSMEs may need to be simplified and aligned with lender information needs (e.g., light assurance on cash flows or sales records) to become a meaningful financing signal.

This study has limitations. First, the uploaded dataset does not include business characteristics that could be tested as controls (firm age, monthly revenue, legality, and business type). Second, measurement quality needs improvement to better capture each construct and reduce overlap (especially between financial literacy and perceived audit cost). Third, the model tests only direct effects.

Future studies should (1) refine and validate the instrument using established scales, (2) include key controls and contextual predictors, and (3) test mediation models such as Financial Literacy → Reporting Quality/Loan Readiness → Financing Access, and/or moderation by lender type (bank vs non-bank) to better reflect real financing mechanisms in MSME contexts.

CONCLUSION

This study examined whether audited financial statements, financial literacy, and perceived audit cost influence the ease of access to financing among culinary MSMEs affiliated with ASPIKMAS Patikraja, Banyumas Regency. Using PLS-SEM with bootstrapping (5,000 resamples) on 135 valid responses, the results show that none of the proposed direct effects are statistically significant. Audited financial statements ($\beta = -0.097$; $p = 0.256$), financial literacy ($\beta = -0.002$; $p = 0.977$), and perceived audit cost ($\beta = -0.039$; $p = 0.670$) do not significantly predict financing access, and the model exhibits very low explanatory power ($R^2 = 0.011$). These findings indicate that, in this local culinary MSME context, the three predictors explain only a small portion of variation in perceived financing accessibility. The study contributes to theory by suggesting that the classic information asymmetry and signaling mechanisms may be context-dependent at the micro–small enterprise level. Specifically, the results imply that auditing and financial capability may not function as strong direct signals for financing access when lenders rely more heavily on other decision criteria (e.g., collateral, cash-flow stability, sales evidence, business legality, and relationship lending). This also supports the idea that financial literacy and audit-related attributes may operate primarily through indirect pathways—such as improving reporting quality or loan application readiness—rather than exerting immediate direct effects on financing access. Additionally, the measurement findings (weak reliability and overlap between financial literacy and perceived audit cost) highlight the importance of construct clarity when applying these theories in MSME settings. Practically, the findings suggest that efforts to improve culinary MSMEs' access to financing in Banyumas should prioritize interventions that directly match lender requirements and screening practices. MSME development programs should focus on strengthening loan readiness, including consistent transaction recording, cash-flow documentation, proof of sales (including digital transaction records), business formalization, and complete application documentation. For accounting and assurance providers, the results indicate a need to design more proportionate and affordable assurance solutions tailored to MSMEs, focusing on lender-relevant information rather than assuming that conventional audits automatically translate into improved financing access. Future research should refine and validate measurement instruments to ensure clear separation between financial literacy and perceived audit cost, incorporate key contextual predictors (collateral, credit history, lender type, cash-flow stability), and test more process-oriented models. In particular, future studies should explore mediation models and moderation effects. Expanding the sample across wider subdistricts or lender types is also recommended to improve generalizability and statistical power.

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