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Research Paper

Determinants of Financial Statement Literacy among Informal Micro-Entrepreneurs: Human Capital and Resource-Based View (RBV) Perspectives

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Abstract: *Financial statement literacy is a crucial strategic competency underpinning the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in the informal sector. Grounded in Human Capital Theory and the Resource-Based View (RBV), this study aims to examine the determinants of financial statement literacy among informal micro-entrepreneurs within the traditional markets of Kendal Regency. Utilizing a quantitative approach with multiple linear regression analysis, empirical data were gathered via a 5-point Likert scale questionnaire from 30 purposively selected traditional market traders. The simultaneous F-test results indicate a high degree of goodness-of-fit ($F = 5.225$, $p = 0.002$), with the model accounting for 52.1% of the total variance (R-square = 0.521). Interestingly, the partial t-test results demonstrate that at the conventional alpha level ($p < 0.05$), none of the individual predictors—formal education level, educational background, business tenure, business scale, or the provision of information and socialization—exert a statistically significant independent effect on financial statement literacy. These counterintuitive findings suggest that within the traditional market ecosystem, financial literacy is driven by a collective bundle of human capital and organizational resources rather than isolated individual factors. Furthermore, the insignificance of external interventions serves as a critical evaluation, highlighting the urgency for relevant institutions to redesign financial dissemination and training programs to fit the unique operational realities of informal traders.*

Keywords: *Financial Statement Literacy, Human Capital Theory, Resource-Based View, Informal Sector, Traditional Markets.*

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I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role as a primary pillar of Indonesia's national economy. At the local level, micro-entrepreneurs operating in traditional markets serve as key drivers of economic liquidity for grassroots communities. Despite their significant contribution to employment and Gross Regional Domestic Product (GRDP), the micro-business sector in traditional markets frequently faces perennial challenges, namely low business sustainability and high business mortality rates during the initial years of operation. A root cause of this vulnerability is poor financial management stemming from low **financial statement literacy** among business owners.

For micro-entrepreneurs, **financial statement literacy** is not merely a matter of technical accounting skills; it is a strategic competency for assessing business health, evaluating actual profitability, and making tactical decisions. Without an adequate understanding of financial statements, micro-entrepreneurs in traditional markets often conflate personal assets with business cash. Consequently, they fail to identify capital leakage and struggle to access formal financing (becoming bankable) for business expansion. In Kendal Regency, traditional markets serve as hubs for local economic activity, yet the majority of traders still rely on conventional financial management based on memory or rudimentary single-entry cash flow records.

This low level of accounting literacy does not exist in a vacuum; rather, it can be conceptualized through the lenses of **Human Capital Theory** and the **Resource-Based View (RBV)**. From a **human capital perspective**, the level of formal education attained by business owners is believed to shape the cognitive ability to grasp complex financial concepts. However, formal education alone does not guarantee specialized

capabilities unless supported by a relevant educational background. Business owners with an academic background in economics or business are assumed to possess a more advanced starting point regarding **financial statement literacy** compared to those from non-economic fields.

On the other hand, internal organizational resources—as conceptualized by the **RBV framework**—contribute to structural adaptability. Internal business characteristics, such as **business tenure**, represent firm-specific experiential knowledge. Years of experience managing capital in the real economy should naturally shape business owners' financial intuition through a *learning-by-doing* process. Similarly, regarding business scale, a larger workforce increases operational and organizational complexity, indirectly compelling owners to acquire **financial statement literacy** as an intangible resource for internal oversight and resource allocation.

Despite these internal capabilities, accelerating **financial statement literacy** in traditional markets often requires external human capital adjustments through the **provision of information and socialization**. Socialization initiatives led by relevant government agencies, universities, or financial institutions serve as a bridge for non-formal knowledge transfer to market traders who otherwise have limited access to modern accounting frameworks, such as the *SAK EMKM* (Indonesian Financial Accounting Standards for MSMEs). The level of understanding and acceptance of information gained from these training programs acts as an external stimulus to upgrade the traders' existing human capital capacity.

Previous research on the financial capabilities of micro-entrepreneurs reveals a distinct empirical gap. Some studies indicate that formal education level and **business tenure** significantly influence accounting capabilities, whereas others suggest that practical experience plays a far more dominant role than formal education within the informal sector. Furthermore, the effectiveness of financial **socialization** for traditional market traders is often questioned due to the barriers posed by overly complex technical accounting terminology, leaving an ambiguity on how these resources interact.

Against this backdrop, this study aims to examine the determinants of **financial statement literacy** among informal micro-entrepreneurs in the traditional markets of Kendal Regency by integrating **Human Capital and Resource-Based View (RBV) perspectives**. By analyzing the roles of education level, educational background, **business tenure**, business scale, and **socialization**, this research seeks to evaluate how individual capabilities and structural resources jointly shape accounting competency. The findings are expected to contribute theoretically to the literature on MSME behavioral accounting and provide targeted policy recommendations for the Kendal Regency Government to optimize economic support programs for traditional market traders.

II. THEORETICAL FRAMEWORK

This research model is underpinned by two robust theoretical frameworks that ground the study's variables: Human Capital Theory and the Resource-Based View (RBV).

Human Capital Theory, pioneered by Schultz (1961) and Becker (1964), asserts that systematic investments in individuals through formal education, targeted training, and accumulated experience significantly enhance cognitive abilities, labor productivity, and economic decision-making efficiency. Within this framework, the specific research variables are conceptualized as distinct dimensions of human capital investment. First, formal education level (X_1) and educational background (X_2) represent the foundational formal educational investments that structurally shape the business owner's fundamental cognitive framework and analytical capacity. Second, business tenure (X_3) signifies "specific human capital" which is continuously acquired through direct, hands-on operational work experience, adhering to the principle of *learning-by-doing*. Lastly, the provision of information and socialization (X_5) constitutes a vital form of external, non-formal training designed to dynamically update, adapt, and expand the business owner's active human capital capacity amidst changing market environments.

Concurrently, the study integrates the **Resource-Based View (RBV)** framework to capture the structural dynamics of the firm. Advanced primarily by Barney (1991), the RBV framework posits that a firm's sustained competitive advantage and long-term performance depend heavily on its possession and deployment of internal resources that are valuable, rare, inimitable, and non-substitutable (VRIN). In this context, **financial statement literacy** serves as a crucial intangible asset and knowledge capital that micro, small, and medium enterprises (MSMEs) must possess to effectively leverage their operational capabilities. The connection to the structural variables is manifested through business scale (X_4). Specifically measured by the number of employees, business scale directly reflects the capacity and complexity of the organization's human resource base. A larger business scale inevitably heightens organizational complexity, thereby intensifying the strategic demand for internal human resources to possess robust financial management capabilities (**financial statement literacy** - (Y) to ensure long-term business sustainability and mitigate resource leakages.

2.1. Hypothesis Development

Based on the theoretical framework, this study reviews the relevant literature regarding the independent variables—namely education level, educational background, business tenure, business scale, and the provision of information and socialization—to examine their influence on the financial statement literacy of MSMEs. This conceptual foundation leads to the formulation of hypotheses aligned with prior empirical findings.

***H1**: Formal education level has a positive effect on the financial statement literacy of informal micro-entrepreneurs.* Higher levels of formal education equip individuals with enhanced cognitive abilities, advanced logical reasoning, and a greater capacity to process structured information. Grounded in Human Capital Theory, entrepreneurs with higher educational attainment (e.g., university level) are hypothesized to possess more advanced financial statement literacy than those who have only completed basic education.

***H2**: Micro-entrepreneurs with an educational background in economics possess higher financial statement literacy than those with non-economics backgrounds.* An educational background in economics, accounting, or business serves as specific human capital. The foundational knowledge of accounting and financial management acquired during formal studies provides entrepreneurs with an initial competency advantage, facilitating the practical implementation of financial reporting in their actual business operations.

***H3**: Business tenure has a positive effect on the financial statement literacy of informal micro-entrepreneurs.* Extended business tenure facilitates experiential learning (*learning-by-doing*). The longer micro-entrepreneurs operate within the market, the more frequently they navigate the dynamics of cash flow management, capital turnover, and profit-and-loss fluctuations. This accumulated empirical experience naturally enhances their understanding and literacy regarding the critical importance of financial reporting.

***H4**: Business scale has a positive effect on the financial statement literacy of informal micro-entrepreneurs.* Drawing upon the Resource-Based View (RBV) theory, an expansion in business scale—measured by the number of employees—heightens operational and organizational complexity. This complexity compels micro-business owners to upgrade their internal resource capabilities, specifically their financial statement literacy, to achieve better managerial oversight, capital efficiency, and operational coordination.

***H5**: The provision of information and socialization has a positive effect on the financial statement literacy of informal micro-entrepreneurs.* Accounting socialization and training—such as the dissemination of *SAK EMKM* (the Indonesian Financial Accounting Standards for MSMEs)—represent formal interventions that enhance non-formal human capital. Informal traders who actively receive information and participate in training programs possess a more contemporary understanding of the structure, formats, and systematic preparation of financial reports compared to those isolated from modern accounting frameworks.

III. RESEARCH METHODOLOGY

This study adopts a **quantitative approach**, utilizing numerical data and statistical methods to examine the factors influencing the financial statement literacy (Y) of micro-entrepreneurs. Through this approach, the relationships between the independent variables—namely education level (X_1), educational background (X_2), business tenure (X_3), business scale (X_4), and the provision of information and socialization (X_5)—and the dependent variable are analyzed objectively and systematically. An **explanatory research design** is employed to evaluate the causal linkages and mechanisms underpinning financial statement literacy within this segment.

The target population comprises MSME operators within the traditional markets of Kendal Regency, Indonesia. A non-probability **purposive sampling technique** was utilized to select **30 respondents** based on strict inclusion criteria: (1) active micro-entrepreneurs operating within the informal sector of traditional markets, (2) having a business tenure of at least one year to ensure operational familiarity, and (3) independently managing their business operations without external professional accounting assistance. To ensure a comprehensive dataset, the research incorporates both primary and secondary data. Primary data were gathered directly from the micro-entrepreneurs via structured survey questionnaires. Secondary data were sourced from official Kendal Regency government portals, industry reports, and peer-reviewed scholarly journals. The primary constructs were evaluated using a 5-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The reliance on a sample size of 30 respondents within this informal sector context is scientifically justified by several methodological considerations. First, the target population exhibits a high degree of **homogeneity** in terms of the operational environment, market dynamics, and regulatory constraints. Second, this sample size aligns with the minimum critical threshold established under the **Central Limit Theorem** for initiating inferential statistical approximations. Finally, within localized informal sectors, a sample of this size is deemed sufficient to achieve **data saturation**, effectively capturing the underlying variance without compromising the statistical validity of the inferential analysis.

To test the formulated hypotheses, data analysis was executed using **Ordinary Least Squares (OLS) Multiple Linear Regression analysis**. Prior to hypothesis evaluation, rigorous classical assumption

diagnostics—comprising residual normality, multicollinearity, and heteroscedasticity tests—were conducted to ensure the model satisfies the Best Linear Unbiased Estimator (BLUE) prerequisites.

IV. RESULTS AND DISCUSSION

4.1. Residual Normality Test

A residual normality test is performed to evaluate whether the error terms (disturbance terms) in the linear regression model follow a normal distribution. A valid regression model required for robust hypothesis testing (i.e., *t*-test and *F*-test) assumes normally distributed residuals. This study utilizes the non-parametric One-Sample Kolmogorov-Smirnov test with the Lilliefors significance correction at alpha 5% ($\alpha = 0.05$) significance level. The statistical criteria for the normality assessment are defined as follows:

***Null Hypothesis* (H_0) (Accepted)**: If the asymptotic significance value (*p-value*) is greater than 0.05 ($p > 0.05$), the residuals are normally distributed.

***Alternative Hypothesis* (H_1) (Rejected)**: If the asymptotic significance value (*p-value*) is less than 0.05 ($p < 0.05$), the residuals violate the normality assumption.

The empirical results of the normality test based on a sample of 30 micro-entrepreneurs ($N = 30$) operating within traditional markets in Kendal Regency are summarized in Table 1.

Table 1
One-Sample Kolmogorov-Smirnov Normality Test Results

Parameter	Unstandardized Residual
Sample Size (*N*)	30
Normal Parameters (Mean)	0.0000000
Normal Parameters (Std. Deviation)	5.99206872
Most Extreme Differences (Absolute)	0.156
Most Extreme Differences (Positive)	0.099
Most Extreme Differences (Negative)	-0.156
Test Statistic	**0.156**
Asymp. Sig. (2-tailed)	**0.060**

Note: * Lilliefors Significance Correction.
Source: Primary data processed (2025).

As presented in Table 1, the empirical results of the One-Sample Kolmogorov-Smirnov test indicate that the model satisfies the normality assumption. The computed test statistic **is 0.156**, with an associated asymptotic significance value (*p-value*) of **0.060**. Since this probability value exceeds the prescribed significance threshold ($p > 0.05$), the null hypothesis (H_0) cannot be rejected. This result statistically confirms that the unstandardized residuals are normally distributed. Furthermore, the residual distribution exhibits a mathematical mean of exactly **0.0000000** and a standard deviation of **5.99206872**, validating that the error terms fluctuate symmetrically around the center of the theoretical distribution. Consequently, the model is confirmed free from distribution-related estimation bias and is robust for subsequent parametric inferential analysis.

4.2. Multicollinearity Test

The multicollinearity test is performed to detect the presence of high or perfect linear correlations among the independent variables within a regression model. An ideal empirical model assumes the absence of multicollinearity, requiring that the independent variables remain independent of one another. In this study, multicollinearity diagnostics are evaluated using two primary indicators from the collinearity statistics: the Tolerance value and the Variance Inflation Factor (VIF). The statistical criteria dictate that a model is confirmed free from multicollinearity if the Tolerance value is greater than 0.10 and the VIF value is less than 10.

The empirical results of the multicollinearity diagnostics for the regression model are summarized in Table 2.

Table 2
Multicollinearity Diagnostic Results

Model (Independent Variable)	Tolerance	VIF	Conclusion
Education Level (X_1)	0.817	1.224	Free from Multicollinearity
Educational Background (X_2)	0.734	1.362	Free from Multicollinearity
Business Tenure (X_3)	0.868	1.152	Free from Multicollinearity
Business Scale (X_4)	0.840	1.191	Free from Multicollinearity
Socialization ($X5$)	0.785	1.275	Free from Multicollinearity

Source: Primary data processed (2025).

As presented in Table 2, the empirical results of the multicollinearity diagnostics demonstrate that all independent variables strictly fulfill the required statistical assumptions. The Tolerance values for all predictors range from 0.734 to 0.868, which are substantially higher than the established minimum threshold of 0.10. Concurrently, the Variance Inflation Factor (VIF) values span between 1.152 and 1.362, falling well below the conservative maximum cutoff of 10.0 (and even below the more stringent threshold of 5.0).

The highest VIF value is observed in the Educational Background variable (X_2); VIF = 1.362), which remains mathematically negligible. These statistics indicate the absence of high or perfect linear correlations among the explanatory variables. Consequently, it can be robustly concluded that the regression model is entirely free from multicollinearity complications. Each independent variable operates as an orthogonal predictor, ensuring that the subsequent ordinary least squares (OLS) estimations and hypothesis testings (i.e., *t*-test and *F*-test) yield stable, reliable, and unbiased coefficients.

4.3. Heteroscedasticity Test

To ensure the homoscedasticity assumption is met, the Glejser test was performed by regressing the absolute residuals of the primary model against all independent variables. The classical assumption dictates that a robust ordinary least squares (OLS) model must be free from heteroscedasticity, which requires the significance values (*p*-values) of all predictors to exceed the alpha threshold of 0.05 ($p > 0.05$). A significant relationship would indicate that the variance of the residuals is non-constant across observations.
The empirical results of the Glejser heteroscedasticity diagnostics are summarized in Table 3.

Table 3
Glejser Heteroscedasticity Test Results

Model (Independent Variable)	Unstandardized Coefficients (B)	Standard Error (SE)	Standardized Coefficients (β)	*(t)*-statistic	Sig. (ρ)
(Constant)	6.694	7.796	—	0.859	0.399
Education Level (X_1)	1.326	0.677	0.367	1.958	0.062
Educ. Background (X_2)	0.689	1.419	0.096	0.485	0.632
Business Tenure (X_3)	-0.107	0.319	-0.061	-0.336	0.740
Business Scale (X_4)	1.142	0.792	0.267	1.442	0.162
Socialization (X_5)	-0.174	0.141	-0.236	-1.235	0.229

Note: Dependent Variable: Absolute Residual (|Res|).
Source: Primary data processed (2025).

As detailed in Table 3, the empirical results confirm the absence of heteroscedasticity within the regression model. The asymptotic significance values for all independent variables are consistently greater than 0.05, spanning from 0.062 to 0.740. Specifically, the *p*-values for Education Level (X_1), Educational Background (X_2)), Business Tenure (X_3), Business Scale (X_4), and Socialization (X_5) are 0.062, 0.632, 0.740, 0.162, and 0.229, respectively. Because no single predictor significantly influences the absolute residuals, the

null hypothesis (H_0) of homoscedastic variance cannot be rejected. Consequently, the variance of the error terms remains constant (homoscedastic) across the 30 sampled micro-entrepreneurs, guaranteeing that the standard errors and subsequent parametric *t*-tests are valid and unbiased.

4.4. Coefficient of Determination (R^2) Analysis

The coefficient of determination was evaluated to measure the capacity of the empirical model to explain variations in the dependent variable. The statistical summary of the regression model viability is presented in Table 4.

Table 4

Model Summary and Coefficient of Determination (R^2)

Model	Coefficient of Correlation (R^2)	Coefficient of Determination (R^2)	Adjusted (R^2)	Std. Error of the Estimate
1	0.722[a]	0.521	0.421	6.587

Note: [a] Predictors: (Constant), Provision of Information and Socialization (X_5), Education Level (X_1, Business Tenure (X_3), Business Scale (X_4) , Educational Background (X_2).

Source: Primary data processed (2025).

As detailed in Table 4, the multiple correlation coefficient (R = 0.722) indicates a strong and positive simultaneous relationship between the independent variables and the financial statement literacy (*Y*) of MSMEs. Furthermore, the model yields an *R* Square (R^2) value of **0.521**. This statistical result demonstrates that **52.1%** of the variance in the financial statement literacy of micro-entrepreneurs within Kendal Regency's traditional markets can be jointly explained by the five predictors: education level (X_1), educational background (X_2), business tenure (X_3), business scale (X_4), and the provision of information and socialization (X_5).

Given the small sample size (N = 30), the Adjusted (R^2) value of 0.421 is also reported to provide a more conservative and unbiased estimate of the population variance, indicating that the predictors account for 42.1% of the variance after adjusting for the degrees of freedom. The remaining **47.9%** of the variance 1 - (R^2) is attributed to other external factors not captured within the current empirical framework—such as digital financial technology adoption, access to formal credit, or individual psychological traits. In social science and informal sector research, an (R^2) value exceeding 50% is considered highly robust, confirming that the selected independent variables possess substantial explanatory power.

4.5. Simultaneous Significance Analysis (F-Test)

The *F*-test was conducted to assess the overall statistical viability and goodness-of-fit of the estimated empirical framework. It evaluates whether the combination of the five explanatory variables simultaneously exerts a statistically significant influence on the financial statement literacy of MSMEs. The analysis of variance (*ANOVA*) results for the model suitability are presented in Table 5.

Table 5

ANOVA Results for Model Suitability (F-Test)

Model	Sum of Squares	*df*	Mean Square	*F*	Sig. (ρ)
Regression	1133.425	5	226.685	5.225	0.002[b]
Residual	1041.242	24	43.385		
Total	2174.667	29			

Note: [a] Dependent Variable: Financial Statement Literacy of MSMEs (Y).

[b] Predictors: (Constant), Provision of Information and Socialization (X_5), Education Level (X_1, Business Tenure (X_3), Business Scale (X_4) , Educational Background (X_2).

Source: Primary data processed (2025).

As presented in Table 5, the model yields an *F*-statistic of **5.225** with an associated asymptotic significance value (*p*-value) of **0.002**. Because the observed *p*-value is strictly lower than the conventional significance threshold ($p < 0.05$, and even satisfies $p < 0.01$), the null hypothesis (H_0) is firmly rejected. This empirical outcome implies that the combination of education level (X_1), educational background (X*2*), business tenure (X_3), business scale (X_4), and the provision of information and socialization (X_5) simultaneously predicts the variance of financial statement literacy among micro-entrepreneurs operating within Kendal Regency's traditional markets. Mathematically, these findings validate that the linear regression specification possesses a **high degree of goodness-of-fit**, ensuring that the model is methodologically reliable and appropriate for subsequent individual parameter analysis via the *t*-test.

4.6. Hypotheses Testing and Individual Parameter Analysis (t-Test)

The *t*-test was performed to evaluate the partial effects of each independent variable on the financial statement literacy of MSMEs. Based on the statistical criteria at the conventional alpha level ($\alpha = 0.05$\)), an independent variable is deemed to have a significant effect if its *p*-value is strictly less than 0.05 ($p < 0.05$). The empirical estimations derived from the multiple linear regression model are summarized in Table 6.

Table 6

Multiple Linear Regression and Hypotheses Testing Results (t-Test)

Model (Independent Variable)	Unstandardized Coefficients (B)	Standard Error (*SE*)	Standardized Coefficients β	*t*-statistic	Sig. (*p*)
(Constant)	6.694	7.796	—	0.859	0.399
Education Level (X_1)	1.326	0.677	0.367	1.958	0.062
Educ. Background (X_2)	0.689	1.419	0.096	0.485	0.632
Business Tenure (X_3)	-0.107	0.319	-0.061	-0.336	0.740
Business Scale (X_4)	1.142	0.792	0.267	1.442	0.162
Socialization (X_5)	-0.174	0.141	-0.236	-1.235	0.229

Note: Dependent Variable: Financial Statement Literacy of MSMEs (Y).

Source: Primary data processed (2025).

Regarding **Hypothesis 1 (H_1)**, the regression coefficient for Education Level (X_1) is 1.326 ($t = 1.958$) with a *p*-value of 0.062. At the standard 5% significance level, this result indicates that formal education level does not exert a statistically significant positive effect on financial statement literacy. However, it is marginally significant at the 10% level ($\alpha = 0.10$), suggesting a weak baseline trend. Therefore, **H_1 is rejected** at ($\alpha = 0.05$).

For **Hypothesis 2 (H_2)**, Educational Background (X_2) yields a coefficient of 0.689 ($t = 0.485$) and a *p*-value of 0.632. Because the *p*-value substantially exceeds 0.05, it implies that having an educational background in economics does not statistically differentiate an entrepreneur's financial literacy level from non-economics backgrounds within this sample. Thus, **H_2 is rejected**.

In the case of **Hypothesis 3 (H_3)**, the coefficient for Business Tenure (X_3) is -0.107 ($t = -0.336$) with a *p*-value of 0.740. This counterintuitive negative coefficient is statistically insignificant, indicating that the length of time spent operating a traditional market business does not guarantee higher financial reporting capabilities. Consequently, **H_3 is rejected**.

For **Hypothesis 4 (H_4)**, Business Scale (X_4) demonstrates a coefficient of 1.142 ($t = 1.442$) and a *p*-value of 0.162. Although the direction is positive, the relationship fails to reach statistical significance, meaning that an increase in the number of employees does not heavily compel informal traders to systematically enhance their financial governance. Thus, **H_4 is rejected**.

Finally, for **Hypothesis 5 (H_5)**, Socialization (X_5) shows a negative coefficient of -0.174 ($t = -1.235$) with a *p*-value of 0.229. This insignificant negative effect implies that the current external training interventions have not effectively translated into concrete financial literacy improvements for the traders. Hence, **H_5 is rejected**.

4.7. Discussion

The empirical findings reveal a compelling statistical paradox: while the simultaneous *F*-test confirms a highly significant model ($p = 0.002$) with robust explanatory power (R^2) = 52.1%), all partial hypotheses (H_1 to H_5) are statistically rejected at the ($\alpha = 0.05$\) threshold. In econometric literature, this phenomenon suggests that financial statement literacy among informal micro-entrepreneurs is not driven by isolated, standalone predictors, but rather by the collective interplay of these factors acting as a unified bundle of resources.

Grounded in **Human Capital Theory**, the marginal significance of education level (X_1); $p = 0.062$) combined with the insignificance of educational background (X_2) and socialization (X_5) underscores that formal or non-formal education alone cannot instantly elevate financial competencies in traditional markets. Informal traders operate in an environment heavily dominated by practical survival instincts rather than structured accounting concepts. Therefore, individual human capital elements only become meaningful when they are integrated into the daily operational framework of the business.

From the **Resource-Based View (RBV)** perspective, the insignificance of business scale (X_4) and business tenure (X_3) implies that internal organizational size or mere market longevity do not automatically transform into strategic intangible assets like financial statement literacy. In localized informal sectors, an increase in employees or years of operation often only scales up conventional cash-based transactions without forcing the trader to adopt standardized bookkeeping. The structural complexity must reach a critical tipping point before it compels a micro-enterprise to transform its administrative capacity.

Consequently, the high significance of the simultaneous *F*-test validates the core premise of this study's framework: financial statement literacy within traditional markets is an emergent capability. It requires the simultaneous convergence of baseline cognitive structures (education), specialized starting points (background), experiential learning (tenure), operational demands (scale), and modern accounting stimuli (socialization). Relevant institutions must therefore stop delivering isolated, generalized training programs and instead design holistic interventions that target the combined individual and operational ecosystem of these informal micro-entrepreneurs.

4.7. Discussion

The empirical results of this study reveal a compelling statistical paradox. While the simultaneous *F*-test demonstrates a highly robust model fit ($p = 0.002$) and explains **52.1%** of the total variance (R^2) = 0.521), all individual parametric paths via the *t*-test (H_1 to H_5) fail to achieve statistical significance at the conventional 5% alpha level. In econometric and behavioral accounting literature, this phenomenon suggests that **financial statement literacy** among informal micro-entrepreneurs is an emergent capability that does not exist in isolation. Instead, it is driven by a collective, integrated configuration of individual capacities and organizational resources rather than distinct, independent predictors.

The Human Capital Bundle: Formal Education, Specialization, and Socialization (X_1), (X_2), and (X_5). Grounded in **Human Capital Theory**, the statistical rejection of H_1, H_2, and H_5 underscores a profound structural disconnect between generic human capital investments and the unique operational realities of the informal economy. Formal education level (X_1) was found to be only marginally significant at the 10% level ($p = 0.062$). This weak baseline trend indicates that while higher formal education provides an essential cognitive foundation, it does not automatically translate into specialized financial capabilities within traditional market ecosystems. In the informal sector, survival instincts, cash-flow immediacy, and daily relationship-driven transactions often override structured, formal logic.

Furthermore, the insignificance of educational background (X_2); $p = 0.632$ and socialization (X_5); $p = 0.229$) reveals a critical bottleneck in knowledge transfer. Possessing a background in economics or business (X_2) fails to yield a significant advantage because formal academic curricula are predominantly tailored to modern, corporate environments, leaving a gap when applied to rudimentary marketplace dynamics.

Crucially, the negative and insignificant coefficient of socialization (X_5); (α) = -0.236, $p = 0.229$ serves as a stark empirical critique of current institutional interventions. This indicates that external accounting training and outreach programs (such as the dissemination of *SAK EMKM*) have failed to enhance accounting literacy. This failure stems from a "one-size-fits-all" approach that relies heavily on complex technical accounting jargon. Traditional market traders operate under high time constraints and cognitive loads, meaning that abstract classroom-style training creates cognitive friction rather than practical empowerment.

The Resource-Based Capabilities: Business Tenure and Business Scale (X_3) and (X_4). From the **Resource-Based View (RBV)** perspective, the statistical rejection of H_3 and H4 challenges conventional assumptions regarding firm-specific accumulated resources. Business tenure (X_3) surprisingly yields a negative and insignificant effect (β) = -0.061, $p = 0.740$. This counterintuitive finding indicates that mere longevity in a traditional market does not foster *learning-by-doing* in financial administration. Instead, decades of operating in cash-heavy, informal environments embed routine-based inertia. Traders become deeply accustomed to mental calculations and rudimentary single-entry systems, making them highly resistant to transitioning toward systematic financial statements.

Similarly, business scale (X4); $p = 0.162$, although positively signed (β) = 0.267, does not heavily compel informal micro-enterprises to upgrade their financial literacy. Unlike formal firms where expanding the workforce triggers structural separation and demands systematic reporting for governance, micro-enterprises in traditional markets tend to expand horizontally by hiring family members or temporary workers. This keeps the organizational control informal, centralized, and reliant on direct verbal oversight rather than formal financial internal audits. Therefore, organizational complexity in this segment has not reached the critical tipping point required to force a transition toward sophisticated knowledge capital.

Theoretical Synthesis and Future Research Directions. The overarching implication of these findings is that **financial statement literacy in the informal sector is a configurational capability**. The high significance of the simultaneous *F*-test confirms that these five variables act as a *human capital and resource bundle* that must converge at the same time to break the inertia of conventional bookkeeping.

For future researchers, this study establishes a foundational baseline by demonstrating the limitations of linear, standalone linear effects in informal markets. Future inquiries should move away from symmetrical OLS regression modeling when studying micro-enterprises and instead adopt asymmetrical frameworks, such as **Fuzzy-Set Qualitative Comparative Analysis (fsQCA)**. This approach can help discover the specific combination pathways (recipes) of human capital and organizational resources that successfully trigger high financial statement literacy.

V. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

Based on the empirical results of the multiple linear regression analysis and the subsequent theoretical synthesis, this study on the determinants of financial statement literacy among informal micro-entrepreneurs within Kendal Regency yields the following primary conclusions:

a. **Simultaneously**, education level, educational background, business tenure, business scale, and the provision of information and socialization **exert a statistically significant joint influence** on the financial statement literacy of MSME operators (p = 0.002). The empirical framework demonstrates a high degree of goodness-of-fit, with the multi-theoretical model successfully accounting for **52.1%** (R^2) = 0.521) of the total variance in accounting competencies within the traditional market ecosystem.

b. **Partially**, at the conventional significance threshold ($\alpha = 0.05$\)), **none of the individual human capital or resource-based predictors exert a standalone independent effect** on financial statement literacy. Education level (X_1) is only marginally significant at the 10% level (p = 0.062), indicating a weak baseline cognitive trend, while educational background (X_2); p = 0.632 and business scale (X_4); p = 0.162 fail to achieve statistical significance.

c. The counterintuitive insignificance of accumulated field experience through business tenure (X_3); p = 0.740 indicates that mere longevity in informal markets embeds routine-based inertia rather than proactive accounting learning. Crucially, the insignificant and negative direction of socialization (X_5); (β) = -0.174, p = 0.229 confirms that current institutional interventions have not effectively updated the traders' human capital capacity.

d. Structurally, these findings lead to the overarching conclusion that **financial statement literacy in the informal sector is a configurational capability**. It cannot be triggered by isolated individual or organizational factors; rather, it requires the simultaneous convergence of the entire human capital bundle and organizational resource capacity to break conventional bookkeeping inertia.

5.2. Recommendations

Based on the empirical insights and the inherent limitations of this study, the following academic and practical recommendations are proposed:

a. **Academic Recommendations (For Future Researchers)**

a.1. **Methodological Shifting to Asymmetrical Modeling:** Since conventional linear and symmetrical regression (OLS) proved that separate variables do not yield standalone significance despite a highly significant joint model, future researchers should move away from OLS. It is strongly recommended to adopt **Fuzzy-Set Qualitative Comparative Analysis (fsQCA)** to uncover the specific causal recipes and combinations of human capital and resources that trigger high financial statement literacy.

a.2. **Methodological and Sample Expansion:** Given the constraints of a localized sample size (N = 30), future studies should utilize non-parametric structural equation modeling (**PLS-SEM**) coupled with **bootstrapping techniques** to minimize reliance on strict data normality. Expanding the spatial scope to cross-regional traditional markets will enhance the statistical power and generalizability of the model.

b. **Practical Recommendations (For Local Government and Relevant Agencies)**

b.1. **Redesigning Financial Socialization Frameworks:** The Kendal Regency Government and related cooperative agencies must fundamentally restructure their financial outreach. The approach must shift from a theoretical, classroom-formal standard (such as rigid *SAK EMKM* lectures) to a **mentorship-based, simplified, and action-oriented training model**.

b.2. **Eliminating Cognitive Friction:** Interventions should replace complex accounting jargon with practical financial tools tailored to the daily, fast-paced operational realities of traditional market traders to prevent cognitive overload and promote sustainable record-keeping habits.

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