



# *Analysis Of Factors Influencing The Implementation Of SAK EMKM In MSME In Kupang City*

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*Abstract – This study aims to analyze what factors influence the implementation of SAK EMKM in Kupang City. This study used 1 independent variable, namely the application of SAK EMKM and 5 dependent variables, namely: Socialization of SAK EMKM, perceptions of EMKM actors, understanding of accounting for EMKM actors, educational level of EMKM actors, and utilization of information technology. The population in this study were Micro, Small and Medium Enterprises (MSMEs) registered at the Office of Cooperatives and Micro Enterprises, Kupang City. The research sample selected using purposive sampling was 50 MSME actors in the handicraft business sector. The analytical tool used is multiple linear regression. The research results show that the socialization of SAK EMKM, the perception of MSME actors, understanding of accounting, and the educational level of owners, partially has a positive effect on the implementation of SAK EMKM in MSMEs in Kupang City, while the use of technology partially has no effect on the implementation of SAK EMKM in MSMEs in Kupang City.*

*Keyword: MSME Financial Statements, SAK, EMKM*

## **I. INTRODUCTION**

The development and growth of MSMEs is currently recognized as very important for increasing aggregate output and employment opportunities (Tambunan, 2000). MSMEs are able to contribute to GDP in Indonesia. This indicates that MSMEs have a very large contribution to the region. In practice, there are still various problems faced by MSME players, including difficulties in obtaining financial support, bureaucracy, lack of credit options and an unfriendly business environment, inadequate government support, unexpected policy changes, and lack of training (Ahmad, 2012) [2]. This is reinforced by Mendoza (2015) [3] who states that MSMEs need direction and action that refers to a focus on increasing profitability. Micro, Small and Medium Enterprises are also able to support the community's economy which has the power to grow at the National level in the form of realizing an economically independent Indonesia so that MSMEs must be able to compete and be able to capture every potential that exists in order to continue to contribute to the national economy (Judianto, 2018) [4]

There are still many MSMEs who think that bookkeeping is not very important. The preparation of financial reports carried out by MSMEs is still simple, which generally uses a single entry and has not been integrated. MSME players also still do not understand accounting standards in presenting financial reports (Rohendi, 2019) [5]. This is because MSME players still do not understand accounting and financial management, even though there are some who already understand it. Saragih & Surikayanti (2015) [6]. All information presented in financial reports can be obtained through the role of the accounting system. The accounting system is responsible for recording, analyzing, monitoring and evaluating the company's financial condition, preparing documents required for tax purposes and providing information support to many other organizational functions (Uddin R, 2017) [7]

To assist MSMEs in preparing standardized financial reports that can be used as a business language with external and internal parties, on October 24 2016 IAI published Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) [8]. The issuance of SAK EMKM is based on Law No. 20 of 2008 concerning MSMEs [1]. This standard was issued with the hope of helping MSMEs to be able to apply accounting according to standards that have so far been considered complicated when using SAK ETAP. However, until now MSME actors do not understand what SAK EMKM is, so there is a dire need for socialization of SAK EMKM. This socialization is closely related to the information that is disseminated through counseling to the public in Indonesia, especially micro, small and medium business actors regarding the standards that apply, namely SAK EMKM. Apart from socialization regarding SAK EMKM, the perception of MSMEs and the level of education of MSME actors is also an issue regarding the application of SAK EMKM to MSMEs. This research aims to analyze what factors influence the implementation of SAK EMKM in MSMEs in the city of Kupang.

## **II. LITERATURE REVIEW**

### **Financial Report**

According to the Statement of Financial Accounting Standards (PSAK) No.1 that financial statements are a structured presentation of the financial position and financial performance of an entity. The purpose of financial reports according to SAK EMKM is to provide information on the financial position and financial performance of an entity that is useful for a number of users in making economic decisions.

### **Types of MSME Financial Statements**

MSME financial reports are simpler than large category company financial reports which refer to General SAK or SAK ETAP. In general, financial reports consist of 5, namely Statements of Financial Position, Profit and Loss Reports, Statements of Cash Flows, Reports of Changes in Equity, and Notes to Financial Statements. According to SAK EMKM, minimum MSME financial reports consist of 3 types, namely:

- a. Financial Position Report
- b. Profit and Loss Report
- c. Notes to Financial Statements

### **Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM)**

Financial Accounting Standards (SAK) is a statement of Financial Accounting Standards (PSAK) and Interpretation of Financial Accounting Standards (ISAK) issued by the Indonesian Accounting Association Standards Board (DSAK IAI). There are 4 (four) types of SAK that apply in Indonesia, namely:

- a. SAK (Financial Accounting Standards)
- b. SAK ETAP (Financial Accounting Standards for Entities Without Public Accountability)
- c. PSAK-Syariah (Statement of Sharia Financial Accounting Standards)
- d. SAP (Government Accounting Standards)

IAI then compiled SAK that was simpler than SAK ETAP, namely SAK EMKM in 2016. This is because there are still many MSMEs in Indonesia that have not been able to prepare and compile financial reports in accordance with the applicable SAK. The suitability of the application of SAK EMKM with MSME financial reports shows the influence of financial reports as a tool in making decisions and policies for MSME owners (Shinduprinata, 2022) [9]

### **SAK EMKM socialization**

According to Silvia & Azmi (2019) [10], socialization of SAK EMKM is an effort that needs to be carried out by IAI (Indonesian Association of Accountants) or related institutions which have the aim of providing knowledge and direction to MSMEs regarding information in the SAK EMKM. Socialization can increase a person's ability to acquire the knowledge, skills and attitudes needed as someone who is active in a certain position in society (Sari, 2020) [11]. The more often the competent authorities socialize SAK EMKM to MSME entrepreneurs, the higher the implementation of SAK EMKM will be in Padang city (Wulandari & Arza, 2022) [12]. From this description, the following hypothesis can be formulated:

**H1: Socialization of SAK EMKM has a positive effect on the implementation of SAK EMKM in Kupang City**

### **Perceptions of SMEs**

Perception can be interpreted as vision, how someone sees something. The explanation of this meaning is a view or understanding of someone in interpreting something. Formally, perception is a process of someone selecting, organizing, and interpreting something into a broader picture (the world) that has meaning and is comprehensive (Simamora: 2002). From this description, the hypothesis can be formulated as follows:

**H2: Perceptions of SMEs have a positive effect on the implementation of SAK EMKM in Kupang City**

### **Understanding of Accounting**

Understanding is a person's ability to understand and understand something. Understanding is knowing something and can be seen from various angles. When someone gives an explanation and imitates this using their own sentences, they are said to understand it (Mukmin and Maemunah, 2018) [13]. From this description, the hypothesis can be formulated as follows:

**H3: Understanding of Accounting for MSME Actors has a positive effect on the application of SAK EMKM in Kupang City**

### **Level of Education**

The level of education is the level of education owned by MSME owners. The level of education of MSME entrepreneurs will affect the application of SAK EMKM, because the higher the level of education a person has will affect the pattern of thinking. This can raise the awareness of MSME business owners of the importance of recording in accordance with the applicable SAK. Kusuma & Lutfiany (2018) [14] obtained the result that the education level of the owner both partially and simultaneously affected the implementation of the EMKM SAK in Bogor City. In line with the research of Wulandari & Arza (2022), that the level of education influences the implementation of SAK EMKM in the city of Pang. From this description, the hypothesis can be formulated as follows:

**H4: The education level of MSME actors has a positive effect on the implementation of SAK EMKM in Kupang City**

### **Utilization of Information Technology**

Utilization of information technology in MSMEs is the use of technology by MSME owners to facilitate the work of MSME businesses, including the preparation of financial reports in accordance with applicable standards. Silvia & Azmi (2019) with the use of information technology, companies get competitive advantages and improve company performance. This is because the use of information technology facilitates decision making, achieves efficiency and effectiveness of business activities and can facilitate the application of SAK EMKM to MSMEs. From this description, the hypothesis can be formulated as follows:

**H5: Utilization of information technology has a positive effect on the application of SAK EMKM in Kupang City**

## **III. RESEARCH METHOD**

### **Population and sample**

The population in this study is all MSMEs registered with the Cooperative and MSME Service in Kupang City. The sample size collection technique in this research uses purposive sampling with the following criteria:

1. MSMEs registered with the Kupang City Cooperatives and MSMEs Service in 2020 – 2022 and still active in running their business.
2. MSMEs that have created/compiled financial reports.

### **Research Variables and Operational Definition of Variables**

The independent variables (independent variables) in this research are Socialization of SAK EMKM (X1), Perception of MSME Actors (X2), Owner's Education Level (X3), and Understanding of Accounting (X4), Utilization of Information Technology (X5). The Dependent Variable (dependent variable) is the implementation of SAK EMKM. The indicators for implementing SAK EMKM

include: implementing SAK EMKM in MSME financial reports and achieving objectives from the results of financial reports in accordance with SAK.

**Data Analysis Techniques**

This research uses quantitative methods. The data analysis technique uses multiple linear regression statistical analysis. This study uses primary data. The data source in this research is a questionnaire given to MSME owners in Kupang City.

Regression Formula used:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$$

Where:

Y = Implementation of SAK EMKM

$\alpha$  = Constant

$\beta_1$  = Regression coefficient X1

$\beta_2$  = Regression coefficient X2

$\beta_3$  = Regression coefficient X3

$\beta_4$  = Regression coefficient X4

X1 = Socialization of SAK EMKM

X2 = Perception of EMKM Actors

X3 = Owner's Education Level

X4 = Understanding of Accounting

X5 = Utilization of Technology

$\epsilon$  = error term

**IV. RESULTS AND DISCUSSION**

**Instrument Testing**

**Validity test**

The results of the validity test of the EMKM SAK socialization variable (X1), Information Technology Utilization (X2), HR Quality (X3), Owner's Education Level (X4) and SAK EMKM implementation (Y) are described in Table 1 below:

**Table 1. Validity Test Results**

No	Variable	Rcount	Rcritical	Description
1.	Socialization of SAK EMKM	0,479	0,3	valid
2.	Perceptions of MSME actors	0,660	0,3	valid
3.	Understanding of Accounting	0,602	0,3	valid
4.	Owner's Education Level	0,510	0,3	valid
5.	Use of Information Technology	0,650	0,3	valid
6.	Implementation of SAK EMKM	0,640	0,3	valid

Based on this value, the standard value (r-critical) is determined to be 0.3. According to Sugiyono (2013:182) when the calculated value is greater than or equal to 0.3 then the data is valid. All statements from the independent variables (socialization of SAK EMKM, education level of the owner, perceptions of MSME actors and understanding of accounting) and the dependent variable, namely the implementation of SAK EMKM are declared valid because the rcount of each statement is greater than critical.

**Reliability Test**

Cronbach Alpha is used to measure the consistency of the intervals for using the instrument. To find out that all variables are said to be reliable, the average Cronbach Alpha value must be greater than or equal to 0.6. The results of reliability testing are described in Table 2:

**Table 2. Reliability Test Results**

No	Variabel	Cronbach's Alpha	Rcritical	Description
1.	Socialization of SAK EMKM	0,820	0,6	valid
2.	Perceptions of MSME actors	0,816	0,6	valid
3.	Understanding of Accounting	0,802	0,6	valid
4.	Owner's Education Level	0,819	0,6	valid
5.	Use of Information Technology	0,801	0,6	valid
6.	Implementation of SAK EMKM	0,810	0,6	valid

Sugiyono (2013: 184) states that the standard value (r-critical) is 0.6. The variable of an instrument is declared reliable if the coefficient is more than or equal to 0.6. All statements from the independent variables (socialization of SAK EMKM, Utilization of Information Technology, Quality of Human Resources and Education Level of the Owner) and the dependent variable namely the Implementation of SAK EMKM were declared reliable because Cronbach's Alpha each statement was greater than critical.

## Analysis Results and Discussion

### Regression analysis

**Table 3. t test results  
Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	9,288	2,688		3,524	0,011
Socialization of SAK EMKM	0,228	0,084	0,208	2,984	0,008
Use of Information Technology	0,243	0,083	0,241	1,961	0,514
Perceptions of MSME actors	0,144	0,094	0,124	2,236	0,045
Owner's Education Level	0,327	0,061	0,422	6,042	0,001
Understanding of Accounting	0,347	0,054	0,522	7,041	0,001

a. Dependent Variable: Implementasi SAK EMKM

Source: Data processing output

### Socialization of SAK EMKM

The partial test results showed that the tcount value for SAK EMKM socialization was 2.984, while the ttable value was 1.986. If tcount is compared to ttable then  $t_{count} > t_{table}$  (2.984 > 1.986) with a significance level of  $0.008 < 0.05$ . This means that  $H_0$  is rejected and  $H_a$  is accepted. This condition means that the socialization of SAK EMKM has partially had a positive effect on the implementation of SAK EMKM among MSMEs in Kupang City. The results of this study are in line with research conducted by Dewi, Yuniarta and Wahyuni (2017) as well as the theory related to socialization according to Cohen which states that socialization aims to equip each individual with skills and form a behavioral system.

### Utilization of Information Technology

Partial results obtained a tcount value for Information Technology Utilization of 1.961, while the ttable value was 1.986. If tcount is compared with ttable then  $t_{count} > t_{table}$  (1.961 > 1.986) with a significance level of  $0.514 < 0.05$ . This means that  $H_0$  cannot be rejected and  $H_a$  is rejected. This condition means that the use of Information Technology partially has no positive effect on the implementation of SAK EMKM for MSMEs in Kupang City. This research is in line with research conducted by Silvia & Azmi (2019) where the results of this research show that the use of information technology does not affect the perceptions of MSME entrepreneurs about the importance of making financial reports.

### Perceptions of MSME Actors

The results of the partial test obtained a tcount value for the Perceptions of MSME Actors of 2.236, while the ttable value was 1.986. If tcount is compared with ttable then  $t_{count} > t_{table}$  (2.236 > 1.986) with a significance level of  $0.045 < 0.05$ . This means that  $H_0$  is rejected and  $H_a$  is accepted. This condition means that the Perceptions of MSME Actors partially have a positive effect on the implementation of SAK EMKM for MSMEs in Kupang City. The results of this study are in line with research conducted by Dewi, Yuniarta and Wahyuni (2017) and Robbin's theory (2003: 124) which suggests that there are two types of perception indicators, namely acceptance and evaluation. Acceptance is the process of perception in the physiological stage, meaning that it captures stimuli from the outside. Evaluate individual steps after receiving external stimuli. Evaluation is subjective because it can assess the stimulus as something difficult or something good and useful.

### Owner Education Level

The results of the partial test obtained the tcount for the Owner's Education Level of 6.042, while the ttable value was 1.986. If tcount is compared to ttable then  $t_{count} > t_{table}$  (6.042 > 1.986) with a significant level of  $0.001 < 0.05$ . This means that  $H_0$  is rejected and  $H_a$  is accepted. This condition means that the Education Level of the Owner partially has a positive effect on the implementation of SAK EMKM for MSMEs in Kupang City. The results of this study are in line with research conducted by Dewi, Yuniarta and Wahyuni (2017) and Muniarti's theory (2002: 138) which states that education that been taken greatly determines the skills and abilities of owners or managers of small and medium enterprises.

### Understanding Accounting

The results of the partial test obtained a tcount value for Accounting Understanding of 7.041, while a ttable value of 1.986. If tcount is compared to ttable then  $tcount > ttable$  ( $7.041 > 1.986$ ) with a significant level of  $0.001 < 0.05$ . This means that  $H_0$  is rejected and  $H_a$  is accepted. This condition means that Understanding of Accounting partially has a positive effect on the implementation of SAK EMKM for MSMEs in Kupang City. The results of this study support the research of Meidiyustiani (2016) and Winkel's theory (2004: 274) which states that the ability to capture both the meaning and meaning of studying a material is an understanding.

**Tabel 4. Hasil Uji F ANOVA<sup>b</sup>**

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	85,630	4	21,408	15,403	,000 <sup>b</sup>
Residual	63,183	45	0,694		
Total	148,813	49			

a. Dependent Variable: Implementation of SAK EMKM

b. Predictors: (Constant), Socialization of SAK EMKM, Utilization of Information Technology Quality of Human Resources, Owner's Education Level

Source: Data processing output

Table 4 shows that the results of the F test obtained an Fcount value of 15.403, while a Ftable value of 2.471. If Fcount is compared to Ftable then  $Fcount > Ftable$  ( $15.403 > 2.471$ ) with an F significance value of  $0.00 < 0.05$ . This means that  $H_0$  is rejected and  $H_a$  is accepted. This condition shows that the socialization of SAK EMKM, the education level of the owner, the perception of MSME actors and understanding of accounting simultaneously have a positive and significant influence on the implementation of SAK EMKM among MSMEs in Kupang City.

**Tabel 5. Hasil Pengujian Hipotesis**

Variabel	p-value*)	Keterangan
Socialization of SAK EMKM (Ha1)	0,008	Diterima
Use of Information Technology (Ha2)	0,514	Ditolak
Perceptions of MSME actors (Ha3)	0,045	Diterima
Owner's Education Level (Ha4)	0,001	Diterima
Understanding of Accounting (Ha5)	0,001	Diterima

note: \*) significant at the 5% level (0.05)

### Results Discussion

There are still many micro, small and medium enterprises (MSMEs) in Kupang City that have not implemented the preparation of financial reports based on Financial Accounting Standards for MSMEs (SAK EMKM) and do not follow accounting procedures in accordance with accounting standards. Preparation of financial reports for MSMEs is important for controlling costs, determining profit and loss, and calculating taxes. However, many MSMEs ignore bookkeeping and do not understand SAK EMKM. MSME actors need to improve their understanding of accounting and financial management to ensure the success of their business. In addition, there is a lack of awareness and knowledge about the importance of proper financial recording among SMEs of weaving craftsmen in Kupang City. There are also many MSME actors who do not follow the recommended accounting standards. Several obstacles were also faced by MSME players, such as a lack of education and knowledge in accounting, limited human resources for accounting staff, and a lack of outreach from the government about the importance of accounting standards. Lack of oversight from related institutions as well as regulations requiring the preparation of financial reports according to SAK EMKM for MSMEs also contribute to this problem.

### V. CONCLUSION

Socialization of SAK EMKM, utilization of information technology, perceptions of MSME actors, understanding of accounting, and education level of owners, simultaneously has a positive effect on the implementation of SAK EMKM on MSMEs in Kupang City. Socialization of SAK EMKM, perceptions of MSME actors, understanding of accounting, and education level of the owner, partially had a positive effect on the implementation of SAK EMKM for MSMEs in Kupang City, while the use of technology partially had no effect on the implementation of SAK EMKM on MSMEs in Kupang city. Based on the results of the regression coefficient test, it can be seen that the most dominant factor in the implementation of SAK EMKM for MSMEs in Kupang City is accounting understanding. Implementation of financial accounting standards will provide benefits such as better business analysis and access to credit. The advice given includes presenting financial reports in accordance with EMKM financial accounting standards and the need for government support and supervision. Suggestions for future research are conduct broader research involving more MSMEs in various sectors and geographical areas to get a more comprehensive picture of awareness and application of accounting standards among MSMEs and can be developed by conducting comparative research between MSMEs that apply accounting standards and those that do not apply them to see its impact on financial performance and access to financial resources.

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