

Factors Affecting MSME's Implementation Of Financial Accounting Standards For Micro, Small, And Medium Entities (SAK-EMKM) In Mandau Sub-District

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Abstract. The study aims to investigate the impact of enterprise size, human resource quality, MSME's Financial Accounting Standards socialization, and accounting knowledge on the implementation of MSME's Financial Accounting Standards in Mandau's MSMEs. The hypothesis was empirically tested using survey data from 67 Mandau Sub-District MSME participants. Test results from SPSS 25 show that there is a partially significant positive effect of MSME's Financial Accounting Standards socialization and accounting knowledge on MSME's Financial Accounting Standards implementation. Simultaneously, there is an influence on four independent variables in the MSME's Financial Accounting Standards Implementation. The study's findings indicate that it is critical to socialize MSME's Financial Accounting Standards (SAK-EMKM) and the accounting knowledge of MSME actors in implementing MSME's Financial Accounting Standards (SAK-EMKM). Practically, the study contributes in understanding the factors that able to improve the quality of financial reports in MSMEs to help the standard and regulation makers gain insight that the application of a standard requires socialization to improve the knowledge and understanding about MSME's Financial Accounting Standards.

Keywords: MSME; Financial Accounting Standards; Enterprise Size; Human Resource Quality; Financial Accounting Standards Socialization; Accounting Knowledge.

1. Introduction

A financial report is one of the components that a business entity must provide. It contains the information about a company's financial position, whether it is profit or loss, assets, debts, capital, or other financial information that shows the company's financial position over a particular period of time. A quality financial report can provide accurate information to all stakeholders and describe the performance of an enterprise (Andari, Setianingsih, & Aalin, 2022). Every business unit, no matter how small, must compile financial statements in order to control business operations and make wise future decisions. Micro, Small, and Medium Entities (MSME) is now one of the fastest-developing business entities in the business and industrial worlds. The current presence of MSMEs has spread across the territory of Indonesia and has

become one of the economic pillars due to their ability to survive the 2020 national pandemic. MSMEs serve as an economic balancer in the community by providing jobs and meeting community needs. In Riau itself, the Ministry of Cooperation and Small and Medium Enterprises (Kemenkop UKM) that the data of MSME in Riau in 2022 Riau 252.574 units. This shows that MSME is developing quite rapidly compared to the previous year, this rapid development indicates that the existence of MSME is increasingly recognized and needed by Riau society. Therefore, it is an important goal to create MSME that has quality and competitiveness. However, MSMEs growth is still faced some challenges, one of them is the inability to create standardized financial reports.

The current financial reporting standard for MSMEs in Indonesia is Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM), which goes into effect on January 1, 2018. MSME's Financial Accounting Standards existence is one of IAI's efforts to enable MSMEs to compile a simple financial report for their business interest (*Ikatan Akuntan Indonesia*, 2018). Despite the fact that its existence has been confirmed, many MSMEs are still unfamiliar with SAK-EMKM and have little knowledge of it.

SAK-EMKM is one of IAI's efforts to assist MSMEs in preparing simple financial reports for their business interests. Despite the fact that its existence has been promoted, many MSMEs are unfamiliar with SAK-EMKM and have only a basic understanding of this standard (Puspitasari, 2019; Manehat & Sanda, 2022). This is interesting because it is unclear whether this is due to a lack of socialization regarding SAK-EMKM among MSME actors or to a lack of knowledge of human resources among MSME actors. According to Lestari (2021), the causes of minimal implementation of SAK EMKM for MSME actors are a lack of knowledge and education. This matches the findings of Moussa (2017) and Wardi (2014). Meanwhile, several other studies have discovered other factors that contribute to the lack of implementation of SAK-EMKM in preparing MSME financial report; a lack of socialization regarding SAK-EMKM from both the government and regulators (Pangestu, 2021; Manehat & Sanda, 2022; Wulandari & Arza, 2022).

According to previous research the size of the enterprise, the low quality of human resources, the low socialization of financial reporting standards, and the lack of accounting knowledge are the factors that contribute to the low-level implementation of MSME's Financial Accounting Standards (SAK-EMKM). Therefore, this study aims to examine the effect of enterprise size, human resources quality, Financial Accounting Standards Socialization, and accounting knowledge on MSME's Implementation of SAK-EMKM.

2. Method

This is a quantitative study, and the method for gathering data was a hand-delivered survey. 67 MSME actors in Mandau Sub-District served as the study's sample and population. Several research tools, including a questionnaire with a Likert scale of 1 to 4, were employed in this study. The questionnaire instrument consisted of statements

to which respondents must respond to assess MSMEs' knowledge, understanding, and perception of SAK-EMKM's existence.

3. Result

1. Research Participant

MSMEs from Mandau Sub-District took part in this study. The research questionnaire was distributed using the hand-delivered survey method, in which the questionnaire was handed over to respondents or participants through intermediaries, as well as through Google Form media. SPSS software was used to analyze data for research data processing. Considering the sample's demographic makeup, which is as follows:

Tabel 1. Sample Demographic Chacteristic

Information		Frequency	%	Frequency	%
Sex	Male	5	7%	67	100%
	Female	62	93%		
	Total				
Age	20-29 years old	23	34%	67	100%
	30-39 years old	12	18%		
	40-49 years old	15	22%		
	50-59 years old	17	25%		
	Total				
Education	Junior High School	9	13%	67	100%
	High School	19	28%		
	Diploma	16	24%		
	Bachelor	23	34%		
	Total				
Business Type	Small Industry	9	13%	67	100%
	Service Industry	8	12%		
	Trading Business	18	27%		
	Food and Beverage	32	48%		
	Total				

2. Preliminary Analysis

The study aims to investigate the impact of enterprise size, human resource quality, MSME's Financial Accounting Standards socialization, and accounting knowledge on the implementation of MSME's Financial Accounting Standards in Mandau's MSMEs. The distribution of online questionnaires was carried out with Mandau's MSMEs starting from July 26, 2023.

3. Processing and Analyzing Data

Using SPSS 25 software, the data analysis technique first evaluated the accuracy and dependability of the study instrument. The traditional assumption test was run after the data quality test successful. They then used multiple regression analysis to analyze how each variable affected the results. The author would refer to the findings of this regression analysis when discussing the discussion to ascertain the effect of each variable X on variable Y. In this study, X1 is the enterprise size, X2 is the human resource quality, X3 is Financial Accounting Standards Socialization, and X4 is accounting knowledge, respectively, whereas Y is MSME's Implementation of SAK-EMKM.

This study proposes five research hypotheses to be tested using SPSS software. The following research hypotheses are proposed:

- H1: Enterprise size has a positive effect on MSME's Implementation of SAK-EMKM.
- H2: Human resource quality has a positive effect on MSME's Implementation of SAK-EMKM.
- H3: Financial Accounting Standards Socialization has a positive effect on MSME's Implementation of SAK-EMKM.
- H4: Accounting knowledge has a positive effect on MSME's Implementation of SAK-EMKM.
- H5: Enterprise size, human resource quality, financial accounting standards socialization, and accounting knowledge have a positive effect on MSME's implementation of SAK-EMKM.

4. Validity Test

The researcher conducted this validity test to determine the validity of the questionnaire that had been prepared by the researcher using the SPSS version 25 program. From this statement, it can be concluded that all of the question items are valid.

Tabel 2. Validity Test

Variable	Item	Pearson Correlation	R Table	Information
Enterprise size	X1	1	0,2027	Valid
Human Resource Quality	X2.1	0,873	0,2027	Valid
	X2.2	0,652	0,2027	Valid
	X2.3	0,254	0,2027	Valid
	X2.4	0,857	0,2027	Valid
Financial Accounting Standard Socialization	X3.1	0,891	0,2027	Valid
	X3.2	0,817	0,2027	Valid
	X3.3	0,817	0,2027	Valid
	X3.4	0,866	0,2027	Valid

	X3.5	0,891	0,2027	Valid
Accounting Knowledge	X3.6	0,761	0,2027	Valid
	X4.1	0,893	0,2027	Valid
	X4.2	0,522	0,2027	Valid
	X4.3	0,724	0,2027	Valid
	X4.4	0,816	0,2027	Valid
	X4.5	0,804	0,2027	Valid
	X4.6	0,754	0,2027	Valid
MSME's Implementation of SAK-EMKM	Y1.1	0,85	0,2027	Valid
	Y1.2	0,85	0,2027	Valid
	Y1.3	0,907	0,2027	Valid
	Y1.4	0,801	0,2027	Valid

5. Classic Assumption Test

The analytical tool used in this research is multiple regression analysis. Includes tests for normality, multicollinearity, and heteroscedasticity.

Tabel 3. Normality Test

	Asymp. Sig. (2-tailed)
X1, X2, X3, and X4 to Y	,102

Based on Table 3 above, it can be seen that the results of the One Sample Kolmogorov Smirnov Test show the value of each variable, showing the asymptote value (sig. (2-tailed)) of 0.102, which is greater than 0.05. This indicates that the data is normally distributed (Ghozali, 2013). Meanwhile, the results of the other classical assumptions test showed that the data was free from multicollinearity and heteroscedasticity.

Tabel 4. Hypotheses Test

Hypotheses	Path	Path Coefficient	Sig
H1	Enterprise Size - MSME's Implementation of SAK-EMKM	-4,496	0,000
H2	Human Resource Quality - MSME's Implementation of SAK-EMKM	-6,553	0,000
H3	Financial Accounting Standard Socialization - MSME's Implementation of SAK-EMKM	5,016	0,000***
H4	Accounting Knowledge - MSME's Implementation of SAK-EMKM	2,427	0,018**
H5	Enterprise size, human resource quality, financial accounting standards socialization, and accounting knowledge - MSME's Implementation of SAK-EMKM	26,411	0,000***

Note: ** $p < 0,05$; *** $p < 0,01$

Based on Table 4, it is known that the value of Sig. of the variable enterprise size (X1) is 0.000 and that of human resource quality (X2) is 0.000, but the path coefficient for each variable shows contradictory paths with hypotheses, thus H1 and H2 are rejected. While Financial Accounting Standards Socialization has a positive effect on MSME's implementation of SAK-EMKM with a path coefficient of 5.016 and a value of Sig. of 0.000, H3 is accepted. H4 is accepted according to the results, which show the value of Sig. from Accounting Knowledge (X) is 0.000 with a path coefficient of 2,427. So, it can be concluded that accounting knowledge has a positive effect on the MSME's implementation of SAK-EMKM.

Enterprise size, human resource quality, financial accounting standards socialization, and accounting knowledge simultaneously have a positive effect on MSME's implementation of SAK-EMKM. According to the results shown in Table 4, If the significance value is 0.000, then H5 is accepted.

6. DISCUSSION

The findings of the study indicate that it is critical to socialize MSME's Financial Accounting Standards (SAK-EMKM) and the accounting knowledge of MSME actors in implementing MSME's Financial Accounting Standards (SAK-EMKM). Apart from the role of the Institute of Indonesia Chartered Accountants (IAI) in introducing MSME's Financial Accounting Standards (SAK-EMKM), MSME actors must be self-aware in order to understand and study MSME's Financial Accounting Standards so that the financial reports prepared meet standards. Furthermore, the findings indicate that a balance between the four independent variables is required to increase the implementation of MSME's Financial Accounting standards. Financial accounting standards socialization can increase MSME actors' knowledge of preparing financial reports in accordance with SAK-EMKM standards, thereby assisting MSME actors in implementing SAK-EMKM in preparing their financial reports (Mutuari & Yudiantara, 2021; Andari, Setianingsih, & Aalin, 2022).

Socialization is the transfer of knowledge, competence, behavior, attitudes, and norms (Noack, 2011). It is expected to bring about change by increasing the knowledge and competence of MSME actors, allowing for the application of the aforementioned standards. Furthermore, accounting science is critical in the preparation of financial reports because it is the field of science that produces the financial reports. Then, MSME actors will be struggle to prepare reports that achieve the standards because of the lack of the basic knowledge. As a result, collaboration is required among the various parties so that MSME actors are more aware of the importance of compiling standardized financial reports. One method is to socialize the related financial reporting standards, provide accounting education and understanding to MSME actors, and communicate the benefits that will be obtained if the MSME actors compile financial reports in accordance with the standards.

MSMEs will find it much easier to implement SAK-EMKM in their businesses if they first understand the applicable standards, then have accounting knowledge and good-quality human resources. As a result, the prepared financial reports can meet

standards and needs. Financial reports can be used to fulfill legal requirements such as reporting and paying taxes, in addition to managing businesses, knowing financial conditions, and making decisions. This will undoubtedly make MSME business operations easier to manage, thereby improving MSME performance and ensuring their long-term survival.

7. Conclusion

The study aims to investigate the impact of enterprise size, human resource quality, MSME's Financial Accounting Standards socialization, and accounting knowledge on the implementation of MSME's Financial Accounting Standards in Mandau's MSMEs. According to the findings of this study, enterprise size and human resource quality have no positive impact on the implementation of SAK-EMKM. Meanwhile, Financial Accounting Standards socialization and accounting knowledge have a positive effect on MSME Financial Accounting Standards implementation in Mandau's MSMEs. However, the research findings simultaneously show that company size, human resource quality, Financial Accounting Standards socialization, and accounting knowledge have a positive influence on MSME Financial Accounting Standards implementation in Mandau's MSMEs.

The following contributions are made by this research: first, it contributes empirically by presenting empirical evidence about the factors that can affect the implementation of MSME's Financial Accounting Standards for MSME actors. Second, this study contributes practically in understanding the factors that can improve the quality of financial reports in MSMEs, to help standard and regulation makers gain insight that the application of a standard requires socialization to improve knowledge and understanding about MSME's Financial Accounting Standards.

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