

## Analysis of Standard Implementation Factors Micro Entity Financial Accounting Small Medium Enterprise (SAK EMKM)

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### ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui dan menganalisis pengaruh pemahaman akuntansi secara langsung terhadap implementasi SAK EMKM dan pengaruh tingkat pendidikan secara langsung terhadap implementasi SAK EMKM. Penelitian ini menggunakan jenis penelitian asosiatif kuantitatif dengan sampel sebanyak 60 responden yang merupakan pemilik UMKM di Kota Medan khususnya di Kecamatan Medan Perjuangan. Teknik pengumpulan data menggunakan daftar pernyataan seperti kuesioner dan teknik analisis data menggunakan *Partial Least Square* (SmartPLS). Hasil penelitian menunjukkan bahwa terdapat pengaruh positif dan signifikan pemahaman akuntansi terhadap implementasi SAK EMKM dan hasil penelitian menunjukkan bahwa terdapat pengaruh positif dan signifikan tingkat pendidikan terhadap implementasi SAK EMKM.

**Keyword: Pemahaman Akuntansi; Tingkat Pendidikan; Penerapan SAK EMKM**

### ABSTRACT

*The purpose of this study is to determine and analyze the influence of accounting understanding directly on the implementation of SAK EMKM and the influence of education level directly on the implementation of SAK EMKM. This study uses a quantitative associative research type with a sample of 60 respondents who are MSME owners in Medan City, especially in Medan Perjuangan District. Data collection techniques use a list of statements such as questionnaires and data analysis techniques use Partial Least Square (SmartPLS). The results of the study indicate that there is a positive and significant influence of accounting understanding on the implementation of SAK EMKM and the results of the study indicate that there is a positive and significant influence of education level on the implementation of SAK EMKM.*

**Keyword: Accounting Understanding; Education Level; Implementation of EMKM SAK**

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## 1. INTRODUCTION

SAK EMKM (Micro, Small, and Medium Entity Financial Accounting Standards) plays an important role in supporting the sustainability of micro, small, and medium enterprises (SMEs) in Medan City. Empirically, the implementation of SAK EMKM helps increase the transparency of SME financial reports, so that they are more trusted by external parties such as banks, investors, and the government. With financial reports that meet standards, SMEs in Medan find it easier to access funding from financial institutions, because they are able to show structured and credible financial conditions. In addition, SAK EMKM makes it easier for SMEs to fulfill tax obligations, reducing the risk of reporting errors that have the potential to result in sanctions or penalties. Medan City is one of the areas with a fairly large SME population. SMEs in Medan City, especially in Medan Perjuangan District, are engaged in various sectors, such as trade, services, and home industries. However, the phenomenon that occurred in Medan Perjuangan District shows that the level of understanding of MSME actors towards SAK EMKM is still low. This can be seen based on the results of a survey through the distribution of questionnaires, as many as 60.8% of 20 micro and small business actors do not yet have awareness of the importance of standard-based financial management, this causes MSMEs to be

unable to prepare accurate financial reports and in accordance with the required accounting principles, so that the main problem faced is the mixing between business capital and personal income is difficult to know.

In addition, the ability of SMEs to prepare simple financial reports in accordance with SAK EMKM standards is also limited. Many of them only prepare financial records casually without following the correct rules, so that their financial reports are not transparent enough and cannot be accounted for in the eyes of financial institutions or other external parties.

This condition can have a negative impact on the sustainability and growth of their businesses. Without standard financial reports, SMEs will have difficulty accessing financing from formal financial institutions, which often require financial reports as the main supporting document. In addition, the inability to prepare good financial reports can also hinder strategic decision-making in business, such as investment planning and cash flow management. However, based on initial observations, many SMEs in this region do not fully understand or apply SAK EMKM in their financial management. This is due to various factors, such as low levels of education, lack of training or understanding of accounting, and minimal technical assistance from related parties.

Many business actors, especially in the micro and small sectors, do not have a formal educational background in accounting, making it difficult for them to understand basic accounting concepts, let alone apply appropriate standards. So according to (Hafsah & Hanum, 2021) the need to improve skills in preparing simple financial reports with simple methods to facilitate understanding for MSME actors which will be used as business information so that they can make accurate business decisions. Therefore, an in-depth study is needed to analyze the influence of accounting understanding and education level on the implementation of SAK EMKM in Medan City. This study aims to identify the extent to which these two factors affect the ability of SMEs to implement financial accounting standards. The results of this study are expected to provide valuable input for the government, financial institutions, and other related parties in formulating more effective policies, training, or mentoring programs. Thus, SMEs in Medan City can be better prepared to face economic challenges and take advantage of existing opportunities to improve their business performance and sustainability.

## **2. LITERATURE REVIEW**

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

SAK EMKM is designed for use by micro, small, and medium-sized entities. These entities are business entities that do not have significant public accountability, as explained in the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). The entities in question must also meet the definition and criteria of micro, small, and medium enterprises based on applicable regulations in Indonesia. If an entity does not meet the definition, they can still use SAK EMKM for two consecutive years, as long as they obtain permission from the relevant authorities to prepare financial statements in accordance with this standard (IAI, 2018).

Financial reports are the final result of the accounting process that summarizes financial transactions during a certain period (Sirait, 2017). According to Hanum (2019) Financial statements are records of financial information in an accounting period that can be used to describe the performance of micro, small and medium enterprises (MSMEs). Financial statements prepared in accordance with SAK EMKM must provide reasonable information and be able to reflect relevant transactions, events, and conditions, based on the recognition of assets, liabilities, income, and expenses (IAI, 2018). At the end of each reporting period, entities are required to prepare complete financial statements, including comparisons with the previous period.

### **B. *Understanding Accounting***

According to (Fitriani et al., 2023) Accounting understanding is a perspective that is able to clearly see how the accounting process becomes a financial report by referring to the applicable financial accounting standards (SAK). Understanding or comprehension is an individual's ability to understand the relationship between facts and the underlying ideas (Arikunto, 2010).

In the context of accounting, this understanding means the ability to understand the basic principles of accounting, such as recognition, measurement, recording, and reporting of financial information. The level of accounting understanding is very important because it indicates the extent to which an individual has sufficient accounting knowledge to carry out accounting functions in the business world (Nugroho & Pangestuti, 2011). An understanding of accounting is needed so that business actors are able to prepare accurate, relevant, and reliable financial reports.

According to Hariyoga & Suprianto (2011) Accounting understanding includes mastery of the basics of accounting, such as the concept of debit and credit, the process of recording journals, ledgers, to the

preparation of financial statements. This understanding is important so that entities are able to produce financial statements that comply with applicable accounting standards.

### C. Level of education

According to (Lohanda & Mustikawati, 2017) that the level of education reflects the educational conditions that a person has and functions to develop self-potential, including spiritual aspects, intelligence, and skills. Education is a conscious, planned effort to create a learning atmosphere and learning process for students to actively develop their potential to have spiritual religious strength, self-control, personality, intelligence, noble morals, and skills needed by themselves, society, nation and state (Law No. 20 of 2003).

The stages of education are determined according to the level of development of the students, the goals they wish to achieve and the desires they develop. (Suhardjo, 2011). The level of education affects changes in attitudes and healthy living behavior. A high level of education can make it easier for a person or society to absorb information and apply it to everyday life. Formal education forms values for a person, especially in accepting new things.

## 3. RESEARCH METHOD

The research method used in this study is the Quantitative research method with an Associative approach. This type of research is quantitative and associative, according to (Irfan et al., 2024), quantitative research is a problem not found at the beginning but the problem is found after the research goes into the field if the research finds a new problem then the problem is re-examined until all the problems have been entered and have been answered, while associative research The research location used in this study is Micro, Small and Medium Enterprises (SMEs) in Medan Perjuangan District, Medan City. With the limitation of the research object, namely the owners of micro, small and medium enterprises registered as fostered by the Cooperatives, SMEs, Industry and Trade Service (Cooperatives, SMEs, Perindag) of Medan City. The population in the study was all SMEs in Medan Perjuangan, Medan City, North Sumatra, totaling 1,019 SMEs that have been registered as fostered by the Cooperatives, SMEs, Industry and Trade Service (Cooperatives, SMEs, Perindag) of Medan City. This technique ensures that each element has a fair chance of being selected. The number of samples in this study was 60 SMEs in Medan Perjuangan District, Medan City, North Sumatra. In this study, data analysis used PLS, a Structural Equation Modeling (SEM) equation model based on components or variants, according to (Ghozali & Latan, 2015), PLS is an alternative approach that shifts from a covariance-based SEM approach to a variance-based one.

## 4. RESULTS AND DISCUSSION

### Hypothesis Testing

This test is to test the significance of all relationships or hypothesis testing directly or direct effect. The criteria in this test First, the path coefficient: (a) If the path coefficient value is positive, then the effect of a variable on another variable is in the same direction, if the value of a variable increases/rises, then the value of the other variable also increases/rises; and (b) If the path coefficient value is negative, then the effect of a variable on another variable is in the opposite direction, if the value of a variable increases/rises, then the value of the other variable will decrease/be low. Second, the probability/significance value (P-Value): (1) If the P-Values value  $< 0.05$ , then it is significant; and (2) If the P-Values value  $> 0.05$ , then it is not significant (Juliandi, 2018).

Table 1. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV)	P Values
Understanding Accounting -> Implementation of EMKM SAK	0.477	0.494	0.104	4,574	0,000
Education Level -> Implementation of EMKM SAK	0.473	0.466	0.098	4,801	0,000

The path coefficients in Table 1 show that all path coefficient values are positive (seen in  $TStatistic(|O/STDEV|)$ ), including:

- 1) Accounting understanding is seen from P-Value = 0.000  $< 0.05$ , it can be concluded that accounting understanding has a significant positive effect on the implementation of SAK EMKM. This shows that the higher the accounting understanding possessed by MSME actors, the greater the possibility that they will apply the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in recording and reporting their business finances. A good accounting understanding allows MSME actors to prepare financial reports in a more orderly, transparent manner, and in accordance with applicable accounting principles.
- 2) Education level is seen from P-Value = 0.000  $< 0.05$ , it can be concluded that education level has a significant effect with a positive direction on the implementation of EMKM SAK. This means that

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the higher the level of education possessed by UMKM actors, the greater the possibility of understanding and implementing EMKM SAK in recording and reporting business finances. Higher education generally provides a better knowledge base in the fields of administration and accounting, so that business actors are better able to understand the importance of accounting standards and apply them consistently.

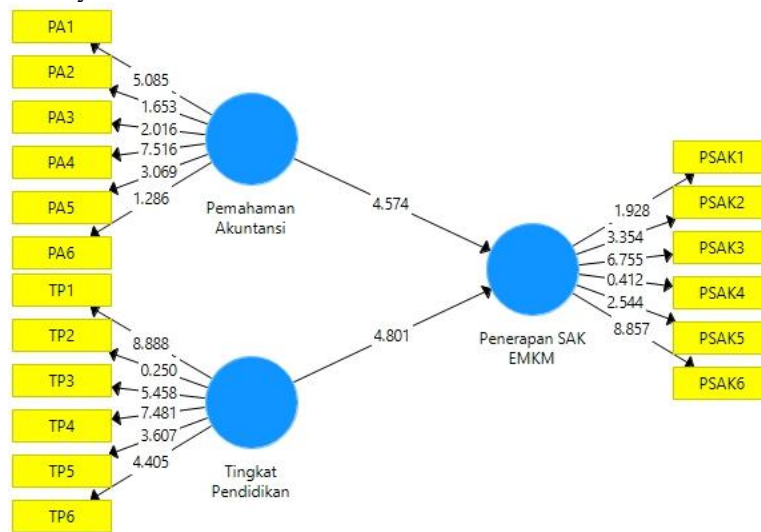


Figure 1. Bootstrapping Test Results (Direct Effect)

## Discussion

### A. *The Influence of Accounting Understanding on the Implementation of EMKM SAK*

Based on the partial test results of the effect of accounting understanding on the implementation of EMKM SAK,  $X_1$  on  $Y$  with a  $T$  statistics value ( $|O/STDEV|$ ) = 4.574 and  $P$ -Value 0.000 with a significance level of  $0.000 < 0.05$  from these results it can be concluded that there is a positive and significant effect between accounting understanding on the implementation of EMKM SAK. This means that the higher the level of accounting understanding possessed by MSME actors, the better the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). A strong understanding of basic accounting concepts is very important in producing financial reports that comply with standards and can be used for appropriate decision making.

This result is also supported by questionnaire data showing that the majority of respondents already have a good basic understanding of accounting. As many as 68.3% of respondents stated that they strongly agree that they can separate personal and business finances in financial reports. This reflects that the majority of MSME actors have understood the importance of separating entities in accounting, which is a basic principle in preparing financial reports. This understanding is closely related to the concept of a business entity, which is a principle in accounting that states that the financial activities of a business must be strictly separated from the personal financial activities of its owner. In other words, even though the business is owned and run by an individual, the financial statements must only reflect transactions and financial conditions related to the business, not to the owner personally.

With this separation, financial reports become more accurate and objective and are able to provide a real picture of the performance and financial position of the business. This is very important for MSMEs, especially in decision making, financing applications, and business evaluations. The ability to apply the principles of business entities is one indicator that accounting understanding has begun to be applied in practice by business actors, which in turn can encourage more professional and sustainable business financial management.

As many as 56.7% of respondents stated that they strongly agreed that they knew the basic principles of accounting. This shows that the majority of MSME actors have sufficient basic accounting knowledge to manage and compile financial information systematically. Understanding principles such as economic entities, accounting periods, and the principle of going concern is very important in order to compile reports in accordance with the Financial Accounting Standards (SAK) for MSMEs. This knowledge is the initial foundation that affects the quality of the implementation of accounting standards as a whole.

As many as 68.3% of respondents stated that they strongly agree that they use basic accounting principles such as accrual and consistency in preparing financial reports. This figure shows that MSME actors not only understand the basic concepts but have also implemented them in practice. The accrual principle

ensures that income and expenses are recorded when they occur, not when cash is received or paid, while the consistency principle keeps the recording method the same from period to period. The application of these principles shows that MSME actors are starting to move towards more professional and standardized financial governance, which ultimately supports the effectiveness of the implementation of MSME SAK.

### **B. The Influence of Education Level on the Implementation of EMKM SAK**

Based on the results of partial testing of the influence of education level on the implementation of SAK EMKM,  $X^2$  on  $Y$  with  $\text{markTStatistics}(|O/STDEV|) = 4.801$  and  $P\text{-Values} = 0.000$  with a significance level of  $0.000 < 0.05$  from these results it can be concluded that there is a significant influence between the level of education on the implementation of SAK EMKM. Higher education generally provides a better knowledge base in the fields of administration and accounting, so that business actors are better able to understand the importance of accounting standards and apply them consistently. With an adequate level of education, MSME actors tend to be more open to change and innovation in financial management, including the implementation of SAK EMKM as an appropriate accounting guideline for micro, small, and medium-scale entities.

This result is also supported by questionnaire data showing that 60% of respondents strongly agreed that they had received formal training or knowledge about accounting. This shows that the level of education, especially related to accounting, makes a major contribution to the understanding and application of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). Formal education or accounting training helps business actors understand accounting concepts and principles in a more structured way, which is very necessary in preparing financial reports that comply with standards. The higher the level of education or formal knowledge possessed, the greater the possibility that business actors will be able to apply SAK EMKM appropriately.

As many as 63.3% of respondents stated that they strongly agree that they record business financial transactions such as income and expenses. This habit of recording transactions shows that respondents have a basic understanding of the importance of financial documentation in business management. This is also an indicator that the education received plays a role in shaping business actors' awareness of good accounting practices. Recording transactions is a crucial initial step in implementing SAK EMKM because without properly recorded data, financial reports will not be accurate or relevant.

As many as 68.3% of respondents stated that they strongly agree that they use basic accounting principles such as accrual and consistency in preparing financial statements. This is an indication that business actors who have a higher educational background or have attended accounting training tend to apply standards in accordance with SAK EMKM. The principles of accrual and consistency are part of more formal accounting practices and indicate a deeper understanding of the preparation of financial statements. Thus, a good level of education contributes directly to the quality and appropriateness of the application of accounting standards in their business practices.

## **5. CONCLUSION**

Based on the data obtained in the study on the influence of accounting understanding and education level on the implementation of SAK EMKM on SMEs in Medan City, especially in Medan Perjuangan District. Respondents in this study amounted to 60 SME owners, then analyzed, it was concluded as follows: Accounting understanding has a significant effect with a positive direction on the implementation of SAK EMKM on SMEs in Medan City. Education level has a significant effect with a positive direction on the implementation of SAK EMKM on SMEs in Medan City

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