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UNDERSTANDING OF MSME OWNERS IN SIDOARJO REGENCY IN THE PREPARATION OF FINANCIAL STATEMENTS BASED ON SAK EMKM

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ABSTRACT

Purpose: This study examines the effect of education level, educational background, business age, business scale, and information and socialization on the understanding of Micro, Small and Medium Enterprises (MSMEs) actors in preparing financial statements based on the Indonesian Financial Accounting Standards (SAK) for EMKM. This study focuses on MSMEs that are members of the Sidoarjo Food and Beverage Association (ASMAMINDA) in Sidoarjo Regency.

Methodology/approach: This research uses quantitative research methods. The data used in this study are primary data collected through distributing questionnaires directly to respondents. The population in this study were 60 participants consisting of administrators and members of ASMAMINDA UMKM. The sampling technique used in this study was saturated sampling. The data analysis technique used in this research is multiple linear analysis.

Findings: The findings of this study indicate that the level of education does not affect the understanding of SAK EMKM. Likewise, educational background does not affect the understanding of SAK EMKM, as well as business age. However, business scale has a significant effect on the understanding of SAK EMKM. In addition, the provision of information and socialization has a significant impact on the understanding of SAK EMKM.

Practical Implications : This research provides practical implications for MSMEs to increase understanding of SAK EMKM as the responsibility of MSME actors in preparing financial reports.

Originality/ Value : This study analyzes the effect of education level, educational background, business age, business scale, and information and socialization on the understanding of Micro, Small and Medium Enterprises (MSMEs) incorporated in the Sidoarjo Food and Beverage Association (ASMAMINDA).

Keywords: Business Age; Business Scale; Educational Background; Education Level; Financial Statements; SAK EMKM; Understanding

ABSTRAK

Tujuan penelitian: Penelitian ini mengkaji pengaruh tingkat pendidikan, latar belakang pendidikan, usia usaha, skala usaha, serta informasi dan sosialisasi terhadap pemahaman pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) dalam penyusunan laporan keuangan berdasarkan Standar Akuntansi Keuangan Indonesia (SAK) untuk EMKM. Kajian ini berfokus pada UMKM yang tergabung dalam Asosiasi Makanan dan Minuman Sidoarjo (ASMAMINDA) yang berada di Kabupaten Sidoarjo

Metode/pendekatan: Penelitian ini menggunakan metode penelitian kuantitatif. Data yang digunakan dalam penelitian ini adalah data primer yang dikumpulkan melalui penyebaran kuesioner secara langsung kepada responden. Populasi dalam penelitian ini adalah 60 partisipan yang terdiri dari pengurus dan anggota UMKM ASMAMINDA. Teknik pengambilan sampel yang digunakan dalam penelitian ini adalah sampling jenuh. Teknik analisis data yang digunakan dalam penelitian ini adalah analisis linier berganda.

Hasil: Temuan penelitian ini menunjukkan bahwa tingkat pendidikan tidak berpengaruh terhadap pemahaman SAK EMKM. Demikian pula latar belakang pendidikan tidak mempengaruhi pemahaman SAK EMKM, begitu pula dengan umur usaha. Namun skala usaha berpengaruh signifikan terhadap pemahaman SAK EMKM. Selain itu, pemberian informasi dan sosialisasi memberikan dampak yang signifikan terhadap pemahaman SAK EMKM.

Implikasi praktik: Penelitian ini memberikan implikasi praktis bagi UMKM untuk meningkatkan pemahaman SAK EMKM sebagai tanggungjawab para pelaku UMKM dalam menyusun laporan keuangan.

Orisinalitas/kebaharuan: *Penelitian ini menganalisis pengaruh tingkat pendidikan, latar belakang pendidikan, usia usaha, skala usaha, serta informasi dan sosialisasi terhadap pemahaman pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) yang tergabung dalam Asosiasi Makanan dan Minuman Sidoarjo (ASMAMINDA).*

Kata kunci: *Pemahaman; Laporan keuangan; Latar Belakang Pendidikan; Skala Usaha; Tingkat Pendidikan; SAK EMKM; Usia Bisnis.*

PENDAHULUAN

Micro, Small, and Medium Enterprises (MSMEs) are business activities that can be managed by individuals, groups, or families, and operate on a small scale. Micro, Small, and Medium Enterprises play a significant role in enhancing a country's economy (Risal & Wulandari, 2018). The Secretary of the ministry of cooperatives and SMEs, emphasized that the number of small and medium-sized micro enterprises has indeed been affected by the impact of Covid-19. Nevertheless, these changes did not result in a decrease to 30 million business owners. Records indicate that informal micro-enterprises, which refer to those operated by individuals without the assistance of employees or with the help of non-permanent employees, actually increased by 1.18 million individuals or 2.62 percent in 2020, reaching 46.25 million compared to 45.07 million in 2019. This increase was driven by the decrease in employment opportunities within the formal sector. In 2020, there was a reduction in formal workers, totaling 6.03 million individuals or 10.7 percent, from 56.80 million in 2019 to 50.77 million. The number of formal micro and small business owners assisted by workers witnessed a continuous decrease in 2020, with a decline of 412.39 thousand individuals or 9.24 percent, from 4.46 million in 2019 to 4.05 million in 2020 (Public Relations of the Ministry of Cooperatives and SMEs, 2021). This is due to the covid 19 pandemic that occurred in early 2020 which had an impact on the MSME sector.

To promote the advancement of MSMEs in the economic sector, the Indonesian government has implemented a reduction in the tax rate for such enterprises. According to PP Number 23 of 2018, which addresses income tax on business income received by taxpayers, the tax rate has been lowered from the initial 1 percent to 0.5 percent. This tax reduction aims to support the business development of MSME owners and encourage them to maintain proper accounting practices in accordance with the relevant accounting standards (Silvia & Azmi, 2019).

The Indonesian Financial Accounting Standards Board, known as DSAK IAI, has released the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) to aid Micro, Small, and Medium Enterprises (MSMEs) in the preparation of financial statements. Furthermore, in 2016, DSAK IAI introduced a new standard called the Financial Accounting Standard for Micro, Small, and Medium Entities (SAK EMKM), marking a significant development in this field. The standard came into effect on January 1, 2018 (Wibowo et al., 2020). The introduction of SAK EMKM is expected to facilitate MSME owners in their business development, enabling them to produce accurate and high-quality financial reports.

The quality of financial statements pertaining to revenue and expenditure information in Indonesian Micro, Small, and Medium Enterprises is still considerably limited (Almujab et

al., 2017). Only a select few possess knowledge and comprehension of SAK EMKM. Many individuals perceive financial reporting as relatively unimportant, resulting in careless preparation of financial statements. Furthermore, they hold the belief that the presence or absence of SAK EMKM has no impact on their business operations (Adryant & Rita, 2021). This is due to the influence of various factors that impact the understanding of MSME owners in the process of preparing financial statements in accordance with SAK EMKM. The first factor is the education level, as it enables MSME owners to gain a perspective and understanding of new information pertaining to operational activities, including the proper provision of information regarding financial accounting standards. The second factor is the educational background, especially in the economic sector, which equips MSME owners with a broad knowledge and comprehension of financial accounting standards (Putri, 2017). The third factor in business assessment is business age. Business age is an important consideration since it provides insights into the track record of the business over time. By knowing the age of the business, one can evaluate the performance and achievements of the business up until the present. A longer business lifespan can yield various advantages, as it is accompanied by a well-established structure and operational processes. One such process is the bookkeeping process, as mentioned in the work by Rejeki and Kautsar (2020). The fourth factor to consider is the scale of the business, which can be observed through the company's capacity to manage its operations. This includes factors such as the number of assets owned and the size of the workforce (Yasa et al., 2017). The fifth factor is socialization and information. When MSME owners receive adequate information and socialization regarding the preparation of accurate financial statements, they develop an understanding of SAK EMKM (Accounting Standards for Micro, Small, and Medium Enterprises) and can effectively implement it within their businesses (Rejeki and Kautsar, 2020).

In research conducted by Silvia & Azmi (2019), it was found that the level of education and length of business had no effect on the perception of MSME entrepreneurs regarding the importance of SAK EMKM-based financial statements. However, the provision of information and socialization significantly influences the perception of MSME entrepreneurs regarding the significance of SAK EMKM-based financial statements. In research conducted by Intan Adino (2019) shows that socialization, information, and level of education have a significant impact on the understanding of MSME owners towards SAK EMKM. However, the business age was found to have no effect on the understanding of MSME owners towards SAK EMKM. In contrast to research conducted by Susanti and Ismunawan (2018) which states that business age affects the knowledge of financial reports of MSME owners in East Java province.

East Java is a province known for its significant number of micro, small, and medium enterprises (MSMEs) (Septa Rinawati & Sri Sadewo, 2019). According to data from the Office of Micro, Small, and Medium Enterprises Cooperatives of the East Java Provincial Government, the total number of MSMEs in East Java as of December 2021 was recorded at 3,447,520 businesses (Dinas Koperasi dan Usaha Kecil Menengah Provinsi Jawa Timur, 2020).

Sidoarjo, a city located in East Java, comprises of 18 subdistricts and has a population of over one million. It possesses significant business potential, evident from a variety of sectors that contribute to the economic growth in Indonesia. Notably, the presence of micro, small, and medium enterprises (MSMEs) plays a pivotal role in the economic advancement of Sidoarjo. If effectively developed, MSMEs in Sidoarjo regency hold promising potential for growth and prosperity. As the number of business units continues to grow annually, effective management of micro, small, and medium enterprises (MSMEs) is essential to promote

community welfare in a fair and equitable manner, leveraging the regional potentials (Fatin Laili & Hendra Setiawan, 2020). According to data obtained from the Office of Micro, Small, and Medium Enterprises Cooperatives, the number of registered micro, small, and medium enterprises (MSMEs) in Sidoarjo as of December 2021 was 149,426 businesses under DITAKOPUM Sidoarjo Regency.

The Sidoarjo Food and Beverage Association (ASMAMINDA) is a specialized group or association of micro, small, and medium enterprises (MSMEs) operating in the food and beverage sector. It is situated in Bluru Kidul, Sidoarjo Regency and was inaugurated on February 20, 2017. Due to the prevalence of water bodies in the Sidoarjo region, many individuals utilize it as a pond for fishing purposes, resulting in abundant catches. Among the widely cultivated pond products are Milkfish, Kupang, and Shrimp, which are distinctive characteristics of Sidoarjo Regency. The MSME owners of ASMAMINDA capitalize on the available resources in Sidoarjo by transforming pond and sea products into delectable dishes. Examples of such culinary creations include Smoked Milkfish, Bandeng Brains, Kupang Rice Cakes, and Shrimp Petis (Sufa et al., 2020).

Despite registering their businesses with the Micro, Small, and Medium Enterprises Cooperative Office (Diana, 2011). According to Siagian and Indra (2019), it indicates that micro business actors in the Sidoarjo and surrounding areas have actually made financial reports or bookkeeping records even though they are fairly simple, and the accounting knowledge they have is simple according to their level of education. However, micro, small and medium enterprises (MSMEs) still find it difficult to compile their financial reports according to existing regulations. Hence, the researcher aims to investigate the level of understanding among MSME owners in the food and beverage sector, specifically within the ASMAMINDA (Sidoarjo Food and Beverage Association), regarding the preparation of financial statements according to the SAK EMKM (Indonesian Financial Accounting Standards for Micro, Small, and Medium Entities). The study will involve a sample of 60 respondents representing MSMEs located in Sidoarjo Regency.

The impact of education level on the comprehension of MSMEs in relation to SAK EMKM is examined in this study. Human Capital Theory posits that education equips individuals with skills, knowledge, and values. Consequently, education serves the purpose of enhancing productivity, thereby serving as an indicator of one's capabilities (Intan Adino, 2019). The research conducted by Intan Adino (2019), Mutiari and Yudantara (2021) which shows that the level of education affects the understanding of MSMEs regarding SAK EMKM.

H1: The understanding of MSMEs based on SAK EMKM is influenced by the level of education.

The influence of educational background on the understanding of MSMEs based on SAK EMKM. The impact on an educational background that has accounting knowledge is that business owners better understand how to make and record good and correct accounting in accordance with accounting standards. The more someone has a background in accounting, the greater their understanding and knowledge of accounting will be compared to someone with a non-accounting educational background (Putri, 2017). The results of a study from (Putri, 2017) and Yanto (2021) said that the Educational Background affects the understanding of MSMEs based on SAK EMKM.

H2: Educational Background affects the understanding of MSMEs based on SAK EMKM.

The Effect of Business Age on MSMEs' Understanding Based on SAK EMKM. Business age refers to the period of time during which a business undergoes its developmental stages until it reaches its current state. If the business age is long, business owners can develop an understanding of the importance of SAK EMKM in preparing financial statements (Andayani et al., 2021). The research conducted by Andayani et al (2021) provides insights into the relationship between HR quality, business size, business duration, and the understanding of financial statement preparation. The statements based on SAK EMKM in Business Age influence the understanding of MSMEs based on SAK EMKM (Jabat, 2022).

H3: The publication Business Age has an impact on the comprehension of MSMEs based on SAK EMKM.

The influence of business scale on the comprehension of MSMEs based on SAK EMKM. **Business** Scale is a measure used to determine the size of a company or organization. It is typically assessed based on factors such as the number of employees, sales level, and total assets owned by the business owner. According to Andayani et al (2021), Setyaningsih & Farina (2021), the greater the business scale, the better the understanding of MSME owners regarding the preparation of financial statements based on the EMKM SAK. In a study by (Suastini et al., 2018), and Jabat (2022) stated that business scale influences MSMEs based on SAK EMKM.

H4 : The business scale has an impact on MSMEs based on SAK EMKM.

The influence of information and socialization on the comprehension of MSMEs **based** on SAK sEMKM is significant. Accounting information serves as a tool utilized by business entities, particularly MSME owners, to make informed accounting decisions. Socialization, on the other hand, is the process of effectively communicating information to a new community, serving as a means of learning (Yanto, 2021). In the research conducted by Yanto (2021) and Larasati and Faridah (2021) stated that socialization and information have an impact on MSMEs based on SAK EMKM.

H5: Socialization and information have an impact on MSMEs based on SAK EMKM.
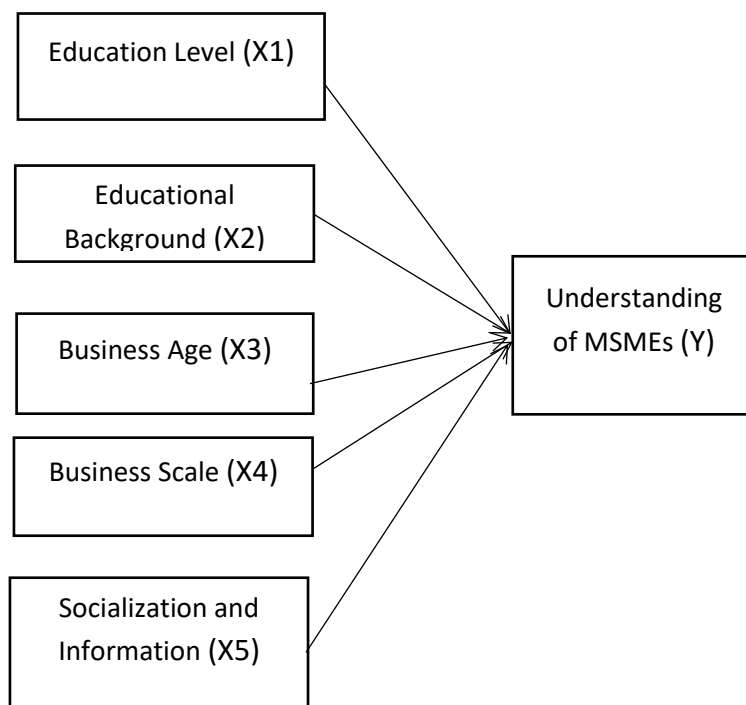
Figure 1.
Research Model

Sources : Andayani and Hendri (2021)

METODE

In this study, the researchers utilized quantitative research as the research methodology. Quantitative research focuses on analyzing data in the form of numbers, which is then subjected to appropriate statistical methods for analysis. Quantitative research is commonly employed to test a hypothesis. In the results, statistical tests conducted by the author can demonstrate the significance of the intended relationship. Consequently, the direction of the obtained relationship relies on the hypothesis and statistical outcomes, rather than scientific logic (Hardani et al., 2017).

A variable is an attribute or value of a person, object, organization or activity that has a type or type that has been selected and determined by the researcher to be a lesson and then conclusions can be drawn (Sugiyono, 2019). In this study, research variables are classified into two types, namely dependent variables and independent variables. The following are measurement indicators of each variable used;

Variable	Indicators	Scale
Understanding of SAK EMKM (Y)	1. Measurements 2. Basic Assumptions 3. Presentation of Financial Statements	Intervals : 1 : Strongly Disagree 2 : Disagree 3 : Neutral 4 : Agree 5 : Strongly Agree
Level Of Education (X1)	1. Certificate of Education	Ordinal : 1 : Elementary School 2 : Junior High School 3 : Senior High School 4 : Diploma 5 : Bachelor Degree/ Undergraduate
Educational Background (X2)	Economic education: 1. Running an education majoring in economics 2. The importance of education in economics Knowledge of the economy: 1. Knowledge of the economy 2. Benefits economic education	Interval : 1 : Strongly Disagree 2 : Disagree 3 : Neutral 4 : Agree 5 : Strongly Agree

Table 1.
Variable measurement indicators

Business Age (X3)	Business Age	Interval :
		1 : < 5 Years
		2 : 6-10 Years
		3 : 10-15 Years
		4 : 16-20 Years

Sources : Wati (2021)

The total number of MSMEs in Sidoarjo, including those in the food and beverage sector, is reported to be 149,426 business entities according to DITAKOPUM Sidoarjo Regency. For this study, the population consisted of food and beverage MSME owners who were members of ASMAMINDA (Sidoarjo Food and Beverage Association), totaling 60 members, located within Sidoarjo regency. In this study, the researchers employed the saturated sample method for selecting the sample. The saturated sample technique involves sampling all members of the population (Purwono et al., 2019). Accordingly, the researcher selected a sample of 60 respondents from the MSME owners in ASMAMINDA based on this study.

In this study, the data collection method employed was the survey method. Specifically, the survey method utilized in this study involved the use of a questionnaire as the data collection instrument. Questionnaires are techniques utilized by researchers to gather data by presenting written questions and statements to respondents. In this study, the researchers collected data by distributing questionnaires to MSME owners who are members of ASMAMINDA, located in Sidoarjo Regency.

The researcher employed the technique of Multiple Regression Analysis using the IBM SPSS Statistics Version 26 software for Windows in analyzing the data. Descriptive data analysis, on the other hand, was conducted to provide an overview or description of the data (Ghozali, 2018). In this study, researchers utilized descriptive statistics to present information regarding variables such as education level, educational background, business age, business scale, information and socialization, and the understanding of MSME owners towards SAK EMKM at ASMAMINDA in Sidoarjo Regency. A measuring instrument is considered crucial and capable of providing accurate information if it meets specific criteria established by experts, namely validity and reliability.

The validity test is a measurement instrument that can be considered valid if it accurately reveals the data and variables under study (Sari et al., 2022). If the value of r count ≥ r table with a significance level of 0.05, then the instrument or statement shows a significant correlation with the total score, thus indicating its validity. However, if the calculated value of r is ≤ r table with a significance level of 0.05, the instrument or statement does not show a significant correlation with the total score and is declared invalid.

The reliability test is an index that demonstrates the extent to which the measuring instrument is utilized twice to measure the same symptoms, and the obtained measurement results are relatively consistent (Sari et al., 2022). In this study, reliability can be assessed using Cronbach's Alpha method, with a Cronbach's Alpha value ranging from 0.41 to 0.60 considered to be reasonably reliable. Criteria for decision-making can be employed to determine the reliability of a given item. If r ≥ 0.60, the item is considered reliable. Conversely, if r ≤ 0.60, the item is deemed unreliable (Ghozali, 2018).

To demonstrate the degree of influence of an individual independent variable (Y) on the dependent variable, one can utilize the t-statistic as a statistical test. The hypothesis is rejected when the significance value $\varrho > 0.05$, indicating a significant influence between the individual independent variable and the dependent variable. The hypothesis is accepted when the

significance value $\varrho < 0.05$, indicating the absence of a significant influence between individual independent variables and the dependent variable (Winarso & Yuniarto, 2023).

The analysis method employed in this study is multiple regression analysis. Multiple regression analysis aims to determine the extent of influence that the independent variable(s) (X) have on the dependent variable (Y). When there are multiple independent variables (X), it can be referred to as a multiple regression analysis (Winarso & Yuniarto, 2023).

Here is the equation of multiple linear regression:

Y = a + b1X1 + b2X2 + B3X3 + B4X4 + e

Description:

Y = MSME Understanding of SAK EMKM

A = Constants

b1, b2, b3, b4 = Regression Coefficient

X1 = Education Level

X2 = Educational Background

X3 = Business Age

X4 = Business Scale

X5 = Information and socialization

e = Disruptive Error / Error

RESULTS DAN DISCUSSION

To demonstrate the extent of influence of an individual independent variable (Y) on a dependent variable, the statistical test t can be utilized (Ghozali, 2018). The statistical test can be conducted by comparing the t-value obtained with the critical t-value from the t-table, considering a significance level of 5%. The decision regarding the acceptance or rejection of the null hypothesis (Ho) based on the t-test can be determined by examining its significance value.

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	2,017	2,025		0,996	0,324
	Educational Level (X1)	0,047	0,077	0,062	0,611	0,544
	Educational Background (X2)	-0,033	0,052	-0,062	-0,633	0,529
	Business Age (X3)	-0,201	0,200	-0,141	-1,006	0,319
	Business Scale (X4)	0,343	0,125	0,315	2,743	0,008
	Socialization and Information (X5)	0,454	0,072	0,712	6,265	0,000

Table 2.
Statistic Test
Results t

Source : Data processed by researchers

The Effect of Education Level on the Understanding of SAK EMKM

When testing the effect of educational level variables on the understanding of SAK EMKM in MSMEs in ASMAMINDA, a t-test was conducted. The obtained significance value of 0.544 > 0.05, along with a t-value of 0.611, indicates that the level of education does not significantly affect the understanding of SAK EMKM in MSMEs in ASMAMINDA.

The lack of impact of the level of education on the understanding of SAK EMKM can be attributed to the fact that the views on financial statements of MSME owners are not influenced by their educational attainment, be it at a high or low level. Even if these business owners possess only an elementary school education, their willingness to learn and acquire knowledge can significantly enhance their understanding of SAK EMKM. Consequently, they are capable of accurately preparing financial reports in accordance with SAK EMKM. This is due to the extensive participation of MSME owners in various non-formal education programs and training sessions aimed at enhancing their insight and understanding of financial statements based on SAK EMKM.

The findings of this study are consistent with prior research (Dwipayana et al., 2017) and (Silvia & Azmi, 2019) which says that the Level of Education has no effect on the Understanding of SAK EMKM. In this study, most MSME owners had a high school education level. This research is not in line with the research conducted by (Intan Adino, 2019) , Larasati and Faridah (2021) dan (Sutrisna et al., 2018) which states that the Level of Education affects the Understanding of SAK EMKM. This is because business owners have diverse levels of education. Formal education among business owners can influence their knowledge about accounting since accounting concepts and materials are typically covered at higher levels of education.

The Effect of Educational Background on the Understanding of MSMEs

When testing the influence of educational background variables on the understanding of **SAK** EMKM in MSMEs in ASMAMINDA, a t-test was conducted. The obtained significance value of 0.529 > 0.05, along with a t-value of -0.633, indicates that educational background does not have a significant effect on the understanding of SAK EMKM in MSMEs in ASMAMINDA.

The majority of MSME owners in ASMAMI lack an educational background in economics or accounting, as most respondents in ASMAMINDA only possess a high school education without any specific training in economics. Consequently, these MSME owners have limited understanding of financial statement formats. Due to the absence of an economic background, ASMAMINDA MSME owners engage in basic bookkeeping practices without incorporating financial reports based on SAK EMKM, primarily because of their lack of knowledge regarding SAK EMKM.

The findings of this study are consistent with previous research conducted by Sulistyawati, (2020), Mubiroh and Ruscitasari (2020) and Silvia & Azmi (2019), indicating that educational background does not have a significant effect on the understanding of SAK EMKM. In this

study, it was observed that the majority of business owners lack a background in economics education, and their businesses are classified as small-scale enterprises. Consequently, these business owners exhibit a limited understanding of SAK EMKM.

This research contradicts the findings of the study conducted by (Putri, 2017), which suggests that educational background correlates with the understanding of SAK EMKM. In this

current study, it was observed that some respondents already operate large and rapidly growing companies, indicating that these business owners possess a solid understanding of SAK EMKM. (Yanto, 2021) has argued that educational background plays a crucial role in influencing the understanding of SAK EMKM. In this study, it was observed that the majority of business owners possess an educational background in economics, thereby indicating their comprehension of SAK EMKM.

The Effect of Business Age on the Understanding of SAK EMKM

When testing the impact of business age variables on the understanding of SAK EMKM in MSMEs in ASMAMINDA, a t-test was conducted. The obtained significance value of 0.319 > 0.05, along with a t-value of -1.006, indicates that the age of the business does not significantly affect the understanding of SAK EMKM in MSMEs in ASMAMINDA.

This study concludes that the age of the business does not have a significant impact on the understanding of SAK EMKM in ASMAMINDA MSMEs. This lack of influence can be attributed to the fact that the majority of ASMAMINDA MSME owners have relatively young businesses, with approximately 86.6% of them operating for 1-10 years. This suggests that a significant number of ASMAMINDA MSME players have not been engaged in business for an extended period. The primary focus of these business owners is to ensure timely completion of their work and maintain good relationships with consumers. Consequently, MSME owners often lack a comprehensive understanding of SAK EMKM, leading them to rely on simple bookkeeping methods for financial statements without adhering to SAK EMKM principles.

The findings of this study are consistent with the research conducted by (Putra & Azlina, 2018), which indicated that business age does not significantly impact the understanding of SAK EMKM. One possible reason for this is the inadequate focus of MSME owners on financial statements, as well as their perception regarding their importance. Furthermore, the study by (Wati, 2021) also supports the notion that business age does not influence the understanding of SAK EMKM. This can be attributed to the fact that the majority of MSME owners have relatively short business lifespans, typically less than 10 years.

This research contradicts the findings of the studies conducted by (Andayani et al., 2021) and (Yanto, 2021), which suggest that business life has an impact on the understanding of SAK EMKM. This discrepancy arises from the fact that the business life of these MSME owners has been relatively long. It can be inferred that the longer the establishment of MSMEs, the higher the level of understanding among MSME owners in preparing financial reports based on SAK EMKM.

The Effect of Business Scale on the Understanding of SAK EMKM

When testing the impact of business scale variables on the understanding of SAK EMKM in MSMEs in ASMAMINDA, a t-test was conducted. The obtained significance value of 0.08 < 0.05, along with a t-value of 2.743, indicates that the business scale significantly influences the understanding of SAK EMKM in MSMEs in ASMAMINDA.

As the business scale expands, there is a greater requirement for capital to cover expenses, employee costs, and other operational needs. In the case of ASMAMINDA business owners, they have an adequate number of employees to fulfill their human resource requirements. Moreover, they possess total assets that are sufficient to ensure business continuity, and their sales volumes meet the monthly targets set by their businesses. Due to the sufficient business

scale, ASMAMINDA MSME owners exhibit the motivation to think critically and develop an understanding of financial statement preparation based on SAK EMKM.

The findings of this study are consistent with the research conducted by (Suastini et al., 2018) and (Devi et al., 2017), which suggest that business scale has an impact on the understanding of SAK EMKM. In this study, it was observed that MSME owners who have a good financial reporting system and employ experts in their respective fields tend to have a larger business scale. This indicates their ability to comprehend and prepare financial reports in accordance with SAK EMKM.

This research contradicts the findings of the studies conducted by Intan Adino, (2019) and Wati, (2021) which suggest that business scale does not have an impact on the understanding of SAK EMKM. MSME players have not been consistent in preparing financial statements in accordance with SAK EMKM. This lack of consistency stems from the perception that the procedures are overly complex, time constraints, and the belief that their businesses can still operate smoothly even without accurate and proper financial statements.

The Effect of Information Provision and Socialization on the Understanding of SAK EMKM

When testing the influence of variables related to providing information and socialization on the understanding of SAK EMKM in MSMEs in ASMAMINDA, a t-test was conducted. The obtained significance value of 0.000 < 0.05, along with a t-value of 6.265, indicates that the provision of information and socialization significantly affects the understanding of SAK EMKM in MSMEs in ASMAMINDA.

Based on the aforementioned description, it can be concluded that the provision of socialization and information to MSME owners significantly impacts their understanding and application of SAK EMKM. The Sidoarjo Cooperative Office plays a pivotal role in disseminating information and conducting socialization sessions regarding financial statements based on SAK EMKM. It is expected that ASMAMINDA MSME owners will effectively utilize the knowledge acquired through these initiatives to ensure compliance with standardized financial statements based on SAK EMKM.

The findings of this study align with the research conducted by (Yanto, 2021), (Adryant & Rita, 2021), (Badria & Diana, 2018), and (Wijoyo & Widiyanti, 2020), which indicate that the provision of socialization and information significantly influences the understanding of SAK EMKM. MSME players actively engaged in socialization programs organized by banks and the Cooperative Office concerning the preparation of financial statements. In addition, some respondents conducted online research to learn about the process of compiling simplified financial statements. The socialization efforts were positively received by MSME owners, as they were motivated to enhance their understanding of financial statement preparation in accordance with SAK EMKM.

CONCLUSION

Based on the research conducted by the author among members of the Sidoarjo Food and Beverage Association regarding their understanding of financial statement preparation based on SAK EMKM, the following conclusions can be drawn based on the obtained responses: The ASMAMINDA MSME owners have demonstrated an understanding of financial statement compilation based on SAK EMKM. This understanding is supported by the

provision of socialization and information by the cooperative office, which aims to enhance the knowledge of MSME owners. Additionally, the business scale of MSME owners also plays a role in their comprehension of financial statement preparation based on SAK EMKM. However, it is evident that MSME owners lack an understanding of financial statement preparation in accordance with SAK EMKM. This is supported by several factors, including the limited impact of the level of education, as MSME owners typically possess only a high school education and lack knowledge in financial statement bookkeeping. Additionally, the educational background of MSME owners, characterized by the absence of an economic background, further contributes to their limited understanding. Furthermore, the young business age of UMKm owners also hampers their comprehension of financial statement preparation.

The advice given to MSME actors is that MSME managers who have prepared financial reports are encouraged to maintain and improve the quality of these reports in accordance with SAK EMKM. The implication of this research is that if the owners have received socialization regarding the preparation of financial reports, then MSME actors can submit their business financial reports. The limitation in this study is the object of research which only focuses on MSMEs that are members of the Sidoarjo Food and Beverage Association (ASMAMINDA) in Sidoarjo Regency. Suggestions for future researchers, if they want to conduct research on understanding SAK EMKM, it is advisable to add other variables and expand the research sample. Thus, the answers from respondents will be more diverse and will ultimately produce more accurate research results.

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