

Factors Influencing The Implementation of SAK EMKM in Micro, Small and Medium Enterprises (MSMEs) in Bukittinggi City

(Case study of Embroidery Crafts MSMEs)

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Abstract

This research aims to examine the factors that influence the implementation of SAK EMKM in Embroidery Craft MSMEs in Bukittinggi City. The factors used are socialization, education, business age and organizational culture. The population is all people who have MSME businesses registered with the Bukittinggi Cooperative and MSME Service. The sample used is MSMEs who have embroidery businesses in Bukittinggi with predetermined criteria. The research questionnaire was addressed to each craft business. Structural Equation Modelling (SEM) with the SmartPLS version 3.0 program was used to test the hypothesis. The results of the research show that education influence the implementation of SAK EMKM in embroidery craft MSMEs in Bukittinggi City. Socialization, business age and organizational culture do not influence the implementation of SAK UMKM in embroidery craft MSMEs in Bukittinggi City

Keywords

Implementation of SAK UMKM, Socialization, Education and Business Age, Organizational Culture, Embroidery Crafts

1. Introduction

In Indonesia there are various economic activities carried out by various types of businesses, including Micro, Small and Medium Enterprises (MSMEs). MSMEs are one sector that is mostly in demand by society these days, especially among young people. The population of productive age is several years larger than the number of jobs available. Therefore, young people are motivated to create opportunities by opening businesses. With this, MSMEs can absorb unemployment in Indonesia every year (Esterlin dkk, 2018).

Based on initial observations with several MSME actors, there are still many obstacles faced in maintaining their businesses, including limited access to capital (Diana dkk, 2022). MSMEs' obstacles in capital include access to capital and funding. As a result, MSMEs have difficulty increasing their business or developing their products. Most MSMEs have not been sufficiently touched by the services of formal financial institutions (banks). According to Bank Indonesia data, MSMEs are a very potential market for the financial services industry, especially banks for channeling financing. Because around 60%-70% of the entire MSME sector do not yet have access to financing through financing (Bank Indonesia, 2017).

Another obstacle for MSMEs is the implementation of financial management. MSME players are considered to lack understanding about bookkeeping. The bookkeeping made by MSMEs so far is generally simple and tends to ignore financial administration guidelines according to standards (books). So it is necessary to be equipped with the importance of preparing financial reports for a business, especially those that comply with standards (Esterlin dkk, 2018) because this is one of the requirements for obtaining capital from bank financial institutions, KUR and non-bank financial institutions (Diana dkk, 2022).

To make it easier for MSMEs to maintain bookkeeping, the Indonesian Accountants Association (IAI) has issued Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) to help Indonesian MSMEs become more transparent, efficient and accountable. SAK EMKM can help MSMEs through financial reports created using a simple bookkeeping application, replacing traditional financial recording methods. (IAI, 2018).

There are several factors that influence the implementation of SAK EMKM in Indonesia. Based on previous research, these include socialization, education level, business age and organizational culture.

SAK EMKM socialization is the process of individuals learning how to adapt to a particular environment and how to coordinate their behaviour with the behaviour of other people and learning in accordance with the roles and regulations established, namely SAK EMKM. Using an instrument developed by (Tarmizi dan Bugawanti, 2013).

Romi Eka Putra A. (2018) defines education as the learning of knowledge, skills and habits of a group of people which are passed down from one generation to the next through teaching, training or research and the results of research conducted by Romi Eka Putra A state that the owner's education level is not has a significant effect on the implementation of SAK EMKM. This is in line with research by Arini Kamila (2018) which states that the education level of MSME actors does not have a significant effect on the implementation of SAK EMKM. This means that the education level of MSME owners does not affect the application of SAK EMKM to MSMEs.

Business life is encouraged by motivation. Motivation questions how to direct the power and potential of subordinates, so that they are willing to work together productively to successfully achieve and realize predetermined goals. According to Weiner (1990) quoted by Elliot et al. (2000), with motivated business life being defined as an internal condition that awakens us to action, encourages us to achieve certain goals and long-lasting business life, and keeps us interested and continuing our efforts in certain activities. A person's motivation can be generated and develop through oneself - intrinsic and from the environment - extrinsic. Motivation to carry out an intrinsic business life means one's own desire to act without any external stimulation (Elliott, 2000). Intrinsic motivation will be more profitable and provide consistency in learning. Extrinsic motivation is described as motivation that comes from outside the individual and cannot be controlled by the individual.

The implementation of SAK EMKM can also be influenced by the organizational culture implemented within the MSME. The organizational culture of each MSME has a different character. Organizational culture is the values, principles, traditions and ways of working that are shared by members of the organization and influence the way they act (Robbinns & Coulter, 2010a :63). The organizational culture that each MSME has can influence the performance of that organization.

The research results of Nurmala (2004) prove that organizational culture can influence the implementation of SAK EMKM. The same thing was also expressed by Mulyaga (2016) in his research that organizational culture has an influence on the implementation of SAK EMKM, so it can be interpreted that the better the organizational culture that is owned, the will affect the implementation of SAK EMKM in preparing financial reports.

1.1 Objectives

Bukittinggi is famous for its beautiful embroidery results, but currently the embroidery business is experiencing problems. One of them is the implementation of SAK EMKM financial reports which reflect the actual business conditions. Many MSMEs do not make financial reports on their business activities, so many businesses only use personal capital to run their business, even though there have been many programs carried out by the government in the field of capital. This research aims to examine the factors that influence the implementation of SAK EMKM in Embroidery Crafts in Bukittinggi City. The factors used in this research consist of socialization, educational level, business age, and organizational culture.

2. Literature

Financial reports aim to provide financial information to information users that can be used as a reference in the decision-making process (Sirait 2014). IAI in SAK EMKM (2016:2) states that the purpose of financial reports is to provide information on the financial position and financial performance of an entity which can be useful for a large number of users in making economic decisions by anyone who is not in a position to request special financial reports to meet information needs. These users can include resource providers to entities such as creditors or investors. In fulfilling its objectives, financial reports also show management's accountability for the resources entrusted to it.

The Influence of Socialization of SAK EMKM on the Implementation of SAK EMKM

Socialization is the process of a person acquiring knowledge, skills and attitudes so that they can function as an adult and at the same time as an active actor in a certain position or role in society. SAK EMKM socialization is the process of individuals learning how to adapt to a particular environment and how to coordinate their behavior with the behavior of other people and learning in accordance with the roles and regulations established, namely SAK EMKM. Using an instrument developed by (Tarmizi dan Bugawanti, 2013). The results of research conducted by Nuril Badria and Nur Diana (2018) show that socialization has a significant effect on the use of SAK EMKM.

The Influence of Education Level on the Implementation of SAK EMKM

Education is something that a person must have to develop human potential, to improve one's abilities to be better than before and to be able to apply them in everyday life, such as in attitudes and behavior. Education is a conscious and planned effort to create a learning atmosphere and learning process so that students actively develop their potential to have religious spiritual strength, self-control, personality, intelligence, noble morals, and the skills needed by themselves, society, nation and state. The owner's education level is the level of education possessed by the MSME owner (Rudiantoro and Siregar, 2012). The indicator of the owner's education level according to Rudiantoro and Siregar (2012) is education obtained at formal school, including: Elementary School (SD), Middle School (SMP), High School (SMA), Diploma and Bachelor's Degree. The results of research conducted by Romy Eka Putra A (2018) partially show that the education level variable does not have a significant effect on the implementation variable of SAK EMKM in MSMEs.

The Influence of Business Age on the Implementation of SAK EMKM

Pinasti (2001 in Rudiantoro and Siregar) believes that the length of time a business has been established can have an influence on the perception of MSME entrepreneurs that are formed. The age of a company that has been running for quite a long time allows the business to place more importance on financial reports or even ignore them. Holmes and Nicholls (1989) show that the provision of accounting information is influenced by the age of the business. The results of this research state that companies that have been around for 10 years or less provide more statutory accounting information, budget accounting information, and additional accounting information for use in decision making, in contrast to companies that have been around for 11-20 years. This study also suggests extensive accounting information for decision making purposes compared to older companies.

The research results of Rudiantoro and Siregar (2012) stated that the length of time a business has been established has a negative effect on entrepreneurs' understanding of SAK EMKM. This shows that understanding SAK EMKM will be easier for entrepreneurs who have just set up their business. When a new business is established, it will encourage an entrepreneur to be more active in seeking information and ways to develop his business in the future. Marzani and Fatoki (2012 in Rudiantoro and Siregar, 2012) stated that newly established companies have limited internal funding potential so they require more external funding sources. To get credit from banks, they need to prepare financial reports so they need to have an adequate understanding of accounting standards, so that the younger the company, the higher the implementation of SAK EMKM.

From this explanation, it can be concluded that younger businesses are actually more concerned with financial reports compared to older businesses, older businesses actually pay more attention to their business financial reports. A business that has been running for a long time does not mean that the business scale is large, indeed the company can survive in running its business because it is estimated that the longer the company has been around, the bigger the company, however, this is not the case when a newly established business can also have a large business scale. So the age of the business tends to have a more negative influence on the implementation of SAK EMKM, which means that the younger the age of the business, the higher the implementation of SAK EMKM, this is because newly established businesses pay more attention to financial reports as a guide for making decisions, compared to businesses that have been established for a long time. ignoring his business financial reports.

The influence of organizational culture on the implementation of SAK EMKM

Company or organizational culture has an influence on the behavior, way of working and motivation of managers and subordinates to achieve organizational performance (Hendrawati E. 2022). Hendrawati E. (2022) stated that based on the results of research related to culture, it was found that cultural dimensions had an influence on managerial participation and performance. Companies that have a good organizational culture will have a better impact on the implementation of SAK EMKM.

Hendrawati E. (2022) states that judging from Hofstede's cultural dimensions there are differences between the Indonesian people and the United States, so that the application of accounting is different. The Indonesian nation is a nation with a cultural dimension of wide differences in power where the distribution of power is uneven within the organization and is usually concentrated in one hand. Hendrawati E. (2022) states that the Indonesian nation has cultural dimensions which are classified as weak uncertainty avoidance cultural dimensions, collective cultural dimensions, and feminine cultural dimensions. All of these cultures influence the attitudes of top management and the head of the accounting department, including: (1) prioritizing the end goal and ignoring how to achieve the goal, (2) liking to cut through (looking for shortcuts), (3) prioritizing group interests, (4) Complete business transactions (full disclosure) are ineffective, not transparent and do not prioritize substance.

Based on this explanation, it is suspected that there is an influence between organizational culture and accounting in the company. Organizational culture is the values, principles, traditions and ways of working that are shared by members of an organization and influence the way they act (Robbins and Coulter, 2010: 63). From the definition of organizational culture, it can be seen that organizational culture is the way organizational members run their organization which can influence the results of organizational performance. So it is suspected that organizational culture can influence the implementation of SAK EMKM in MSMEs. If MSMEs have a good organizational culture, the company will implement SAK EMKM in preparing financial reports. The research results of Hendrawati E. (2022) prove that there is a positive influence of organizational culture on the preparation and use of accounting information.

Theoretical Thinking Framework

The results of research conducted by Esterlin (2018) show that the implementation of SAK EMKM has a significant effect on the use of SAK EMKM in EMKM businesses. In this research, there are 4 (four) independent variables, namely SAK EMKM socialization, owner's education level, business age, and organizational culture. Meanwhile, the dependent variable is the level of implementation of SAK EMKM. The research model is presented in the following figure:

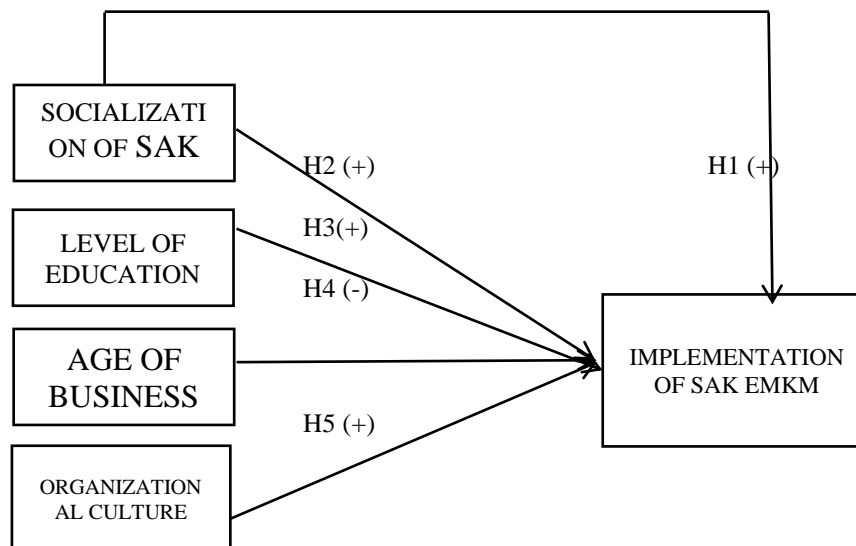


Figure 1. Empirical Research Model

3. Methods

This research is a type of quantitative research, because it goes through a process that builds hypotheses and empirically tests the hypotheses that are built (Ferdinand, 2014: 9). The type of data used is primary data obtained from the results of filling out questionnaires by respondents, namely MSME actors in Bukittinggi. This research uses a research design based on statistical procedures whose processing is assisted by the Partial Least Square (PLS)

application. Validity and reliability tests are carried out first, followed by the analysis and interpretation stage of the data that has been processed. The research design used in the research is descriptive research that describes a symptom, event, occurrence, or facts that occur.

4. Data Collection

Direct distribution of questionnaires was carried out, resulting in data obtained from 100 respondents which were then analyzed and tested using the help of the smartPLS version 3.0 program. Table 1 shows the profile of research respondents as follows:

Table 1. Respondent Profile

Profile Responden	Jumlah	Persentase
Gender		
Laki-Laki	43	43
Perempuan	57	57
Age		
<25	16	16
26-30	37	37
31-35	25	25
>35	22	22
Education		
SD	9	9
SMP	13	13
SMA	48	48
D3	14	14
S1	13	13
S2	3	3
Position		
Pimpinan	64	64
Karyawan	36	36
Monthly Turnover		
<15.000.000	39	39
15.000.000-30.000.000	19	19
30.000.001-50.000.000	15	15
50.000.001-100.000.000	13	13
100.000.001-120.000.000	9	9
>120.000.001	5	5

source: processed data

Table 3. Frequency Distribution

Variabel	Rata-Rata	TCR	Keterangan
Socialization of SAK EMKM	4.7	93%	Very good
Level of education	4.8	95%	Very good
Umur Usaha	4.6	90%	Very good
Organizational culture	4.7	93%	Very good
Implementation of SAK EMKM	4.7	93%	Very good

source: processed data

5. Results and Discussion

Before testing the hypothesis, it is necessary to test the feasibility of the data by measuring the validity and reliability of the variables. The outer model test was carried out to assess the validity and reliability of the model. The results of the validity and reliability tests are explained as follows: All indicators have good validity so that all indicators are valid in measuring each latent variable and all variables have good variable reliability.

Table 2: Hypothesis Testing Results

	Original Sample (O)	T statistic	P (values)
Socialization of SAK EMKM → Implementation of SAK EMKM	-0.246	1.035	0.301
Level of education → Implementation of SAK EMKM	0.714	4.914	0.000
Business Age → Implementation of SAK EMKM	0.239	0.731	0.465
Organizational culture → Implementation of SAK EMKM	0.256	1.345	0.179

source: processed data

1. The sample mean value is -0.246, so socialization has a negative effect on the implementation of SAK EMKM. The statistical t value of 1.035 is smaller than the t table (1.96) and the p-value is $0.301 < \alpha 0.05$, so reject H0 and accept H1, meaning that socialization has no significant effect on the implementation of SAK EMKM.
2. The sample mean value is 0.714, so the level of education has a positive effect on the implementation of SAK EMKM. The statistical t value of 4.914 is greater than the t table (1.96) and the p-value is $0.000 > \alpha 0.05$, so Accepting H0 rejects H1 meaning that the level of education has a significant effect on the implementation of SAK EMKM.
3. The sample mean value is 0.239, so business age has a negative effect on the implementation of SAK EMKM. The statistical t value of 0.731 is greater than the t table (1.96) and the p-value is $0.465 > \alpha 0.05$, so accepting H0 rejects H1 meaning that business age has no significant effect on the implementation of SAK EMKM.
4. The sample mean value is 0.256, so organizational culture has a positive effect on the implementation of SAK EMKM. The statistical t value of 1.345 is smaller than the t table (1.96) and the p-value is $0.179 > \alpha 0.05$, so Accept H0 reject H1 meaning that organizational culture has no significant effect on the implementation of SAK EMKM.

5.1 Discussion

The Influence of Socialization on the Implementation of SAK EMKM

Based on the T-statistics value of 1,035 which is smaller than the T-table 1.96 at alpha 5%, the p value is $0.301 < 0.05$ so it can be concluded that the research hypothesis cannot be accepted or it cannot be said that partially there is no influence socialization of the implementation of SAK EMKM. The results of this study are not in line with research. The results of this research are in line with research by Riswanda et al (2020) which proves that socialization of SAK EMKM has no significant effect on the implementation of SAK EMKM.

The Influence of Education Level on the Implementation of SAK EMKM

Based on the T-statistics value of 4,914 which is greater than the T-table 1.96 at a 95% confidence interval and at an alpha level of 5%, the p value is $0.000 < 0.05$ so it can be concluded that the research hypothesis is acceptable or it can be said that partially there is an influence of education level on the implementation of SAK EMKM. The original sample value is 0.714, so the level of education has a positive relationship with the implementation of SAK EMKM. The higher or better the level of education, the implementation of SAK EMKM will increase.

According to Muniarti (2002) as quoted by Sairningtyas and Dyah (2001) as quoted by Pratiwi and Hanafi (2016), the education of micro, small and medium company owners is determined based on the formal education they have taken. The results of this research are in line with research by Riswanda et al (2020) which proves that the quality of human resources seen from the level of education has a significant effect on the implementation of SAK EMKM.

The Influence of Business Age on the Implementation of SAK EMKM

Based on the T-statistics value of 0.731 which is greater than the T-table 1.96 at alpha 5%, the p value is $0.465 > 0.05$ so it can be concluded that the research hypothesis cannot be accepted or it can be said that partially there is no influence of business age on implementation of SAK EMKM. The original sample value is 0.239, so business age has a positive relationship with the implementation of SAK EMKM. The higher or better the age of the business, the implementation of SAK EMKM will increase. Arif (2006), the age of a company is indicated by how long the company can survive, the more complete the information the public has about the company and the more items the company discloses with increasing company age and existing experience.

The Influence of Organizational Culture on the Implementation of SAK EMKM

Based on the T-statistics value of 1.345, which is smaller than the T-table of 1.96 with an alpha of 5%, the p value is $0.179 > 0.05$ so it can be concluded that the research hypothesis cannot be accepted, meaning there is no influence of organizational culture on the implementation of SAK EMKM in the Bukittinggi City embroidery craft business. The results of this research are not in line with research by Mustika I. G (2018) which proves that Organizational Culture has a significant positive effect on the Implementation of SAK EMKM in Pontianak City and Research and Agustini D.P.S and Purnamawati I. G.A (2022) which proves that Organizational Culture has a significant positive effect on the Implementation of SAK EMKM in Buleleng Regency.

6. Conclusion

Based on the analysis and discussion in the previous section, the following conclusions can be drawn:

1. Socialization has an insignificant negative effect on the implementation of SAK EMKM in Bukittinggi City Embroidery Craft MSMEs.
2. The level of education has a significant positive effect on the implementation of SAK EMKM in the MSMEs of Embroidery Crafts in Bukittinggi City.
3. Business age has an insignificant positive effect on the implementation of SAK EMK in Bukittinggi City Embroidery Craft MSMEs.
4. Organizational culture has a positive and insignificant effect on the implementation of SAK EMKM in the MSMEs of Embroidery Crafts in Bukittinggi City.

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