

Effects of Moderation Training on Financial Report Preparation, HR Quality, SAK EMKM Implementation and Financial Reporting

Fandri Riomanugusta Has¹, Kamaliah², Nur Azlina³

Accounting Department, Faculty of Economics and Business, Riau University

Abstract: This study aims to examine the effect of the quality of human resources and the implementation of SAK EMKM on MSME financial reporting by training in preparing financial statements as a moderating variable. The population in this study were all MSMEs in Bengkalis Regency and the sample in this study amounted to 110 MSMEs. The sampling method uses incidental sampling. Data analysis methods used in this study are multiple regression analysis and MRA using SPSS version 25.0. The results of this study indicate that the quality of human resources and the implementation of SAK EMKM affect the financial reporting of MSMEs. Then the training on the preparation of financial statements moderates the relationship between the quality of human resources and the implementation of SAK EMKM towards MSME financial reporting.

Keywords: *quality of human resources; implementation of SAK EMKM; financial report preparation training; MSME financial reporting.*

Corresponding author. kamaliah@lecturer.unri.ac.id, nur.azlina@lecturer.unri.ac.id.

Article History. Received July, 2020. Revised October, 2020. Accepted December, 2020

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have provided important and large facilities and infrastructure in providing employment and income for the people of Indonesia. According to Akterujjaman (2010) the role of MSME is very strategic in the economy as one of the main driving forces in national economic development. Therefore, empowerment and sustainable development needs to be done so that MSMEs not only grow in numbers but also develop in the quality and competitiveness of their products.

Some of the advantages possessed by Medium Enterprises compared to large businesses include: Innovations in technology that easily occur in product development, humanitarian relations that are familiar in small companies, have the flexibility and ability to adjust to market conditions that change rapidly compared to companies large scale which is generally bureaucratic, and there is managerial dynamism and the role of entrepreneurship (Sartika, et al. 2002: 13).

Empowerment of Micro, Small and Medium Enterprises (MSMEs) becomes very strategic, because of its great potential in driving the economic activities of the community and at the same time being a source of income strength for most people in improving welfare. One of the advantages of MSME is being able to survive in the face of crisis conditions. In Indonesia, MSMEs have proven to be able to withstand economic shocks and be a savior for the economy in the 1997 financial crisis and the 2008 global crisis (Ester Meryana, 2012). The existence of MSMEs is expected to make a significant positive contribution to efforts to tackle the problem. Contributions made by MSME actors in conditions of economic crisis can be assessed as a support in the process of economic recovery nationally, viewed from the rate of national economic growth and in increasing employment opportunities (Putra and Saskara, 2013).

Although medium-sized businesses, small-scale businesses, and micro-businesses are able to withstand the economic crisis, but on the other hand the financial management of medium-scale businesses, small-scale businesses, and micro-businesses is not good because on average it can be said that medium-scale businesses, small-scale businesses, and Micro businesses do not apply financial records appropriately in accordance with generally accepted rules, namely financial accounting standards. Micro, Small and Medium Enterprises (MSMEs) are proven to have a role and contribute to the Indonesian economy. However, the practice of

financial accounting in Small and Medium Enterprises (SMEs) is still low and has many weaknesses (Suhairi, 2004; Raharjo & Ali, 1993; Benjamin, 1990).

However, the increasingly rapid development of MSMEs is not matched by its ability to be able to compete with other businesses. The rapid development of MSMEs has an impact on increasing competition. Increasing competition tends to cause the level of profit (rate of return) obtained leads to conditions where expenditure for production needs equals the income obtained. Even under certain conditions, small industries that cannot compete will be displaced from business competition. The biggest challenge for MSMEs is effective financial management both for running the organization and for expansion activities in consideration of global competition (Zhang and Ye, 2010).

In addition, in carrying out business activities, it is often the SMEs who face problems that make it difficult for them to develop. According to research conducted by Putri et al. (2015) there are four main problems faced by MSMEs in Indonesia. First, problems related to the preparation of financial statements. Second, problems related to capital. Third, problems related to technology mastery and fourth are problems related to marketing products and services in MSMEs.

The high potential of SMEs in economic development is not matched by the quality of SMEs such as the lack of recording and financial management which is a key factor in the success of these SMEs. The most fundamental problem for SMEs that are registered in Bengkalis Regency is the recording and preparation of financial reports which are inadequate and very simple, because SMEs experience many obstacles in its making. The Indonesian Institute of Accountants (2016), published Financial Accounting Standards for MSMEs namely, SAK EMKM (Small and Medium Enterprise Financial Accounting Standards), this standard consists of three components, namely the financial position report, loss lab report and notes to the financial statements, and also standards make it easy for entities to prepare financial statements.

The reason for switching from SAK ETAP to SAK EMKM is that the majority of entities, micro small and medium enterprises in Indonesia have access to banks and other funding sources. This condition occurs because EMKM does not have adequate financial reports in accordance with standards in the financial industry. So as to add to the EMKM funding it was very difficult and ultimately could not continue its business.

The results of research from Arri Alfitri and Ngadim Shohidin (2014), Abdu Muchid (2015), Edi Susanto (2011) indicate that MSMEs have not implemented and compiled financial reports in accordance with generally accepted Financial Accounting Standards. The reason SMEs have not implemented SAK ETAP is due to time constraints of lack of understanding of accounting, and lack of human resources. So the financial statements made by SMEs are still very simple. And there are not many that have examined SMEs using SAK EMKM.

Based on data from the Cooperative and SME Office of Riau Province / it can be seen that the number of MSMEs in Riau Province reached 540,742 MSMEs spread across various regions in Riau in 2015. And the highest MSMEs are in Pekanbaru City which is the Capital of Riau Province, which is 110,089 MSMEs. in 2015 and 110,587 in 2017. While Bengkalis Regency ranks 7th with the number of MSME actors 35,149 perpetrators in 2017.

The objectives of this research are: 1) To find out the influence the quality of the level of education of the leadership of the quality of MSME financial reports in Bengkalis Regency. 2) To find out the influence the quality of accounting knowledge of MSME financial reporting in Bengkalis Regency. 3) To find out the influence the quality of accounting knowledge of MSME financial reporting in Bengkalis Regency. 4) To find out the influence the quality of accounting knowledge of MSME financial reporting in Bengkalis Regency. 5) To find out the quality of accounting knowledge on MSME financial reporting in Bengkalis Regency, which is moderated by training in preparing financial statements. 6) To find out the quality of

accounting knowledge on MSME financial reporting in Bengkalis Regency, which is moderated by training in preparing financial statements.

Resource Based View (RBV) Theory

Resource Based View (RBV) theory was pioneered first by Wernerfelt (1984). The RBV theory considers that the company's resources and capabilities are important for the company, because they are the main or basis of the company's competitiveness and performance. The assumption of the RBV theory is about how a company can compete with other companies, by managing the resources of the company in accordance with the company's ability to achieve the company's competitive advantage.

Theory of Planned Behavior

Theory of Planned Behavior (TPB) seems very suitable to explain whistleblowing intentions, in this case the actions taken are based on a very complex psychological process (Gundlach et al, 2003). Furthermore Ajzen's said TPB has been widely accepted as a tool to analyze the difference between attitudes and intentions as well as intentions and behaviors. In this case, efforts to use TPB as an approach to explain whistleblowing can help overcome some of the limitations of previous research, and provide a means to understand the broadly observed gaps between attitudes and behavior (Park, 2009).

Financial Reports and Financial Reporting

Financial statements are reports that show the company's financial condition at a time or in a certain period. In the financial statements, it is an obligation of every company to make and report the company's finances for a certain period. This is then reported and analyzed so that the condition and position of the company is known. Then financial reports will also determine what steps the company is doing now and going forward, by looking at the various problems that exist both the weaknesses they have (Kasmir, 2012: 7)

It must be distinguished between the notion of financial reporting (financial reporting) and financial reports. Financial reporting covers all aspects related to the provision of financial information delivery (Wikipedia, the free encyclopedia). Financial statements are part of the financial reporting process (IAI, 2012: 1)

Financial Statements Based on SAK EMKM

According to SAK EMKM (2016) financial statements have the aim to provide information on the financial position and performance of an entity that is beneficial to a large number of users in making economic decisions by anyone who is not in a position to request special financial statements to meet the information needs. These users include resources for entities, such as creditors and investors. In meeting its objectives, the financial statements also show management's responsibility for the resources entrusted to it. Items that will appear in the financial statements based on SAK EMKM are assets, liabilities, income, and expenses

Training on Preparation of MSME Financial Statements

Training as part of education concerns the learning process to acquire and improve skills outside the applicable education system in a relatively short time with methods that prioritize practice rather than theory. According to Veithzal Rivai, (2008: 226) Training in the systematic process of changing employee behavior for achieve organizational goals. Training deals with the expertise and ability of employees to carry out current work

Quality of Human Resource

The quality of human resources is the ability of human resources to carry out the tasks and responsibilities given to them with sufficient education, training and experience (Tjiptoherijanto (2001) in Alimbudiono and Fidelis (2004). In good business financial management, managers and employees must have competent human resources, supported by the level of education pursued, often attend training and education, and have experience and knowledge in finance (Putri, et al., 2015)

The quality of human resources that can affect the quality of financial statements of medium-sized businesses as a reference in this study is the Pim Education Level Accounting and Knowledge.

Effect of Education Levels on Financial Reporting

The level of education is the stage of education which is determined based on the level of development of students, the objectives to be achieved, and the abilities developed. The level of education of the manager / owner of the company will be measured based on the formal education that has been attended so that the measurement is continuous. The formal education in question is the education obtained at the formal school bench including elementary school (SD), junior high school (SMP), high school (SMU) or equivalent, Diploma (DIII), Bachelor (S1), and Postgraduate (S2). Investments in education will help to increase knowledge that is more dynamic in one's skills both in thinking, behaving and behaving Robbins (2003) in Maulia (2014). Because individuals with higher levels of education will make it easier for these people to understand new things. The level of education possessed will affect his understanding. The reason is now for business people whose education is limited to elementary / junior high school but have the willingness to learn and increase their understanding of SAK EMKM, they can understand and produce financial reports based on SAK EMKM well. From this description the following hypotheses can be developed: they can understand and produce financial reports based on SAK EMKM well. From this description the following hypotheses can be developed: they can understand and produce financial reports based on SAK EMKM well. From this description the following hypotheses can be developed:

H1: Education has an effect on MSME Financial Reporting

Effect of Accounting Knowledge on Financial Reporting

Accounting knowledge that is about the facts of business transactions from an organizational unit, knowledge about classification which includes journals and ledgers as well as knowledge about everything about Roudah's financial statements (2008). Knowledge about accounting is needed by business leaders in carrying out company operations. Accounting produces information that is presented in the form of financial statements. An information will be meaningful if it can increase user knowledge and confidence in Astika decision making (2010: 25). According to the concept of enterprise theory, the center of attention of the presentation of accounting information is the parties associated with the company, both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. From this description the following hypotheses can be developed:

H2: Accounting Knowledge influences MSME Financial Reporting

The Effect of Financial Accounting Standards on Micro Small and Medium Enterprises on MSME Financial Reporting

Accounting knowledge that is about the facts of business transactions from an organizational unit, knowledge about classification which includes journals and ledgers as well

as knowledge about everything about Roudah's financial statements (2008). Knowledge about accounting is needed by business leaders in carrying out company operations. Accounting produces information that is presented in the form of financial statements. An information will be meaningful if it can increase user knowledge and confidence in Astika decision making (2010: 25). According to various studies in Probosari (2014), one of the weaknesses of MSMEs in Indonesia is that they generally do not master and do not practice an adequate financial system. In general, MSMEs do not or do not yet have the knowledge and ability to manage accounting records in a strict and disciplined manner with regular bookkeeping, whether in the form of daily, weekly, monthly, and so on, so many of them do not understand the importance of recording and bookkeeping for business continuity.

According to the concept of enterprise theory, the center of attention of the presentation of accounting information is the parties associated with the company, both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. From this description the following hypotheses can be developed: and so on, so many of them do not understand the importance of recording and bookkeeping for business continuity. According to the concept of enterprise theory, the center of attention of the presentation of accounting information is the parties associated with the company, both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements.

From this description the following hypotheses can be developed: and so on, so many of them do not understand the importance of recording and bookkeeping for business continuity. According to the concept of enterprise theory, the center of attention of the presentation of accounting information is the parties associated with the company, both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. From this description the following hypotheses can be developed: both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. From this description the following hypotheses can be developed: both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. From this description the following hypotheses can be developed:

H2: Accounting Knowledge influences MSME Financial Reporting

Effect of Education Levels on MSME Financial Reporting which is moderated by the Financial Statement Preparation Training

The ability and expertise of MSME actors is determined by the education they have taken. The education level of MSME actors greatly influences how the accounting system in this case the MSME financial reporting. In addition, the ease of understanding SAK EMKM in financial reporting also depends on the educational background of each MSME actor, where this background and Level of Education is a department / field of study pursued by MSME actors.

Research results by Rudiantoro and Siregar (2011) The level of education is a level or stage education must be pursued based on the level of development of students, goals to be achieved, and abilities to be developed. If MSME actors with educational backgrounds other than economics or accounting tend to take longer to understand the process of preparing financial statements based on SAK EMKM than MSME entrepreneurs with economic or accounting education backgrounds.

H4: Training in Preparation of Financial Statements reinforces the influence of the Educational Level on Financial Reporting

The Influence of Accounting Knowledge on MSME Financial Reporting which is moderated by the Financial Statement Preparation Training

Accounting is a science that provides information on a company's financial statements, therefore every company both large and small must have it, from simple to high level, it is certain that every company makes a company's financial statements. The difference is whether the company applies financial statements based on Accounting Understanding and accounting standards or not. Accounting understanding related to financial reporting is very important. A good understanding of accounting is expected to provide benefits for the progress and development of a business or a company.

According to Probosari By looking at the financial statements of a business, the owner or interested parties can determine the steps and business policies in the coming period, so that it is expected that the financial statements will be used as an evaluation material for the development of his business.

H5: Training in Preparation of Financial Statements reinforces the influence of Accounting Understanding of Financial Reporting

The Effect of the Implementation of SAK EMKM Implementation on MSME Financial Reporting which is moderated by the Financial Statement Preparation Training

Romy (2018) Extension of Financial Accounting Standards for Macro Small and Medium Enterprises which was specifically designed as a benchmark for financial accounting standards at MSMEs. This Financial Standard was formulated and endorsed by IAI or the Indonesian Institute of Accountants as a professional organization that houses all accountants in Indonesia. The SAK EMKM is an encouragement for entrepreneurs in Indonesia to significantly contribute to the development of more advanced MSMEs. Because financial statements are important in a business. Surely every expenditure and income must be clear and must be balanced so that the business can be more advanced.

Therefore from this training the preparation of financial statements can be seen that the implementation of financial statements includes standards that apply to SAK EMKM.

H6: Training on Preparation of Financial Statements strengthens the effect of the Implementation of SAK EMKM Implementation on Financial Reporting

METHOD

The population in this study were MSMEs in Bengkalis Regency which were registered in the Bengkalis Regency Cooperative and SME Office as many as 1511 business operators with a total sample of 134 taken. The sample used the incidental sampling method. Incidental sampling is a determination of samples based on chance, anyone who happens to meet with researchers can be used as a sample, if it is seen that people who happen to meet are suitable as a data source (Sugiyono, 2010: 124). While the method of determining the minimum sample to be taken using the Slovin formula.

RESULTS AND DISCUSSION

This research includes survey research using a questionnaire. The method of analysis of this study is classified as quantitative research that is research that uses tests of research

hypotheses with statistical test equipment. The type of data used in this study is primary data obtained directly from the field. The data analysis technique used is descriptive statistics. Hypothesis testing uses multiple regression and Moderated Regression Analysis (MRA). Researchers get data on 1511 numbers of business actors and are categorized with several criteria for respondent requirements, researchers get 134 business actors to conduct research. In the field

The researcher managed to distribute 134 questionnaires and returned with 110 questionnaires that were completely filled out.

Descriptive Statistics Test Results

Descriptive statistical tests are performed to provide a description or description of the data seen from the average

mean (mean), standard deviation, maximum value, minimum value, sum, range, kurtosis and skewness (skewed distribution).

Table. 1 Descriptive Statistics

	N	Minimum	Maximum	The mean	Std. Deviation
Quality of Financial Statements	110	32.00	60.00	49.2455	7,58340
Educational stage					
Accounting Knowledge	110	8:00 p.m.	57.00	32.5727	5.52801
Implementation of SAK EMKM	110	35.00	73.00	55.7000	7.87931
Financial Report Compilation	110	1:00 p.m.	57.00	26,1091	801872
Training					
Valid N (listwise)	110	7:00 p.m.	43.00	30.8636	5,81595
	110				

Source: SPSS Processing Results, 2019

Table 1 above explains that the number of data samples (N) that are valid and can be further processed are 110 data samples from respondents as follows: Variable Quality of financial statements (Y) has the smallest (minimum) value of 32 with the highest value (maximum) of 60 meanwhile the mean value is 49.24 and the standard deviation of data (Std Deviation) is 7.58. The variable level of education (X1) has the smallest (minimum) value of 20 with the highest value (maximum) of 57, while the mean value of 32.57 and the standard deviation of data (Std Deviation) of 5.52. The Accounting Knowledge Variable (X2) has the smallest (minimum) value of 52 with the highest value (maximum) of 73 while the mean value of 55.70 and the standard deviation of data (Std Deviation) of 7.87. The implementation variable SAK EMKM (X3) has the smallest (minimum) value of 13 with the highest value (maximum) of 57 while the mean value of 26.10 and the standard deviation of data (Std Deviation) of 8.01. Variable of Financial Report Preparation Training (Z) has the smallest (minimum) value of 19 with the highest value (maximum) of 43 while the mean value of 30.86 and the standard deviation of data (Std Deviation) of 5.81.

Data Quality Test Results

Based on the results of tests on all variables showed valid results because r count > r table. then it can be concluded that the average of the items of the four variables is declared

valid. Furthermore, the results of testing the value of the reliability of the three variables are above the number 0.60. The meaning is that the measuring instruments used in this study are reliable.

Classic Assumption Test Results

The data in this study before proceeding with testing the hypothesis, carried out a classic assumption test to ensure this data is in the normal distribution, does not occur multicollinearity, does not occur autocorrelation or heteroscedasticity. Normality test results obtained that the Asymp value. Sig is 0.695 with a significant level well above 0.05. This states that the regression model meets the assumption of normality. The results of multicollinearity test in this study showed a VIF value <10 and tolerance value > 0.1. So it can be concluded that there is no multicollinearity between independent variables in the regression model. Heteroscedasticity Test results show that the points spread by origin and spread is located above and below the number 0 on the Y axis, then this can be concluded that there is no heteroscedasticity. The autocorrelation test results obtained that the DW value generated from the regression model is 2.143. Because the DW value lies between dU and (4-dU) (see DW table N = 107 (100-3) K = 3), the null hypothesis is accepted,

Hypothesis Testing Results

Table 2. Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.442	5,719	.258	4,274	.000		
	Educational stage	.354	.126	.248	2,797	.006	.937	1,067
	Accounting knowledge	.239	.92	.213	2,610	.010	.882	1,134
	Implement SAK EMKM	.201	.089		2011	.021	.891	1,122

a. Dependent Variable: Quality of Financial Statements

Source: SPSS Processing Results, 2019

Based on the results of data processing, obtained by the model of multiple linear regression equations as follows:

$$Y = 0.442 + 0.354 X1 + 0.239X2 + 0.201 X3 + e$$

Based on the test results in table 2, the regression equation in this study is:

1. Education has a positive effect on the quality of financial statements
Based on the test results in Table 2 obtained a positive towards coefficient of 0.354 with a t value of 2.797 greater than t table of 1.982 (2.797 > 1.985) and a significant value of t of 0.006 < 0.05. So it can be concluded that the variable of education has a positive effect on the quality of financial statements, the first hypothesis is accepted.
2. The level of accounting knowledge has a positive effect on the quality of financial statements

Based on the test results in Table 2 obtained a positive towards coefficient of 0.239 with a t value of 2.610 is greater than t table of 1.982 (2.610 > 1.982) and a significant value of t of 0.010 < 0.05. So it can be concluded that the variable level of accounting knowledge has a positive effect on the quality of financial statements, then the first hypothesis is accepted.

3. The implementation of SAK EMKM is positive for the quality of financial statements
Based on the test results in Table 2 obtained a positive direction coefficient of 0.201 with a t value of 2.011 greater than t table of 1.982 (2.011 > 1.982) and the significant value of t is 0.021 < 0.05. So it can be concluded that the implementation of SAK EMKM variables has a positive effect on the quality of financial statements, the first hypothesis is accepted.

Table 3. Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	1,262	2,963		13,925	.000
	X1.M	.355	.144	.374	3,208	.003
	X2.M	.322	.123	.357	2,776	.009
	X3.M	.315	.103	.334	2,411	.012

Source: SPSS Processing Results, 2019

$$Y = 1,262 + 0,355X1.M + 0,322X2.M + 0,315X3.M + e$$

Based on the results of the statistical tests in table 3, the equations for the regression of this study are as follows:

- 1) Training on the preparation of financial reports moderates the relationship between education levels and the quality of financial statements
Based on the results in table 3 above obtained a positive direction coefficient of 0.355 with a t value of 3.208 greater than t table of 1.982 (3.208 > 1.985) and a significant value of 0.003 which is smaller than 0.05. So it can be concluded that the preparation of financial statement training can moderate the level of education on the quality of financial statements, then the fourth hypothesis is accepted.
- 2) Training in preparation of financial statements moderates the relationship of accounting knowledge to the quality of financial statements
Based on the results in table 3 above obtained a positive direction coefficient of 0.322 with a t value of 2.776 greater than t table of 1.982 (2,776 > 1.982) and a significant value of 0.009 which is smaller than 0.05. So it can be concluded that the training of MSME financial statement presentation can moderate the relationship of accounting accounting knowledge to the quality of financial statements, then the fifth hypothesis is accepted.
- 3) Training on the preparation of financial statements moderates the relationship between the implementation of SAK EMKM on the quality of financial statements.
Based on the results in table 3 above the positive direction coefficient is obtained for 0.315 with a calculated t value of 2,411 greater than t table of 1.982 (2.411 > 1.982) and a significant value of 0.012 which is smaller than 0.05. So it can be concluded that the preparation of financial statements training can moderate the implementation of SAK EMKM on the quality of financial statements, then the sixth hypothesis is accepted.

Discussion

Effect of Education Levels on Financial Reporting

The results of testing the hypothesis in this study indicate that education levels have a significant effect on financial reporting. The level of education is the established educational stage based on the level of student development, the objectives to be achieved, and the abilities developed. The level of education of the manager / owner of the company will be measured based on the formal education that has been attended so that the measurement is continuous. In the concept of enterprise theory that is the center of attention is all parties involved or who have a relationship, both directly and indirectly with the company. The results of research conducted by Rudiantoro and Siregar (2011) state that the higher the education level pursued by MSME entrepreneurs, the understanding of business actors in preparing financial reports based on SAK EMKM will increase. Because individuals with higher levels of education will make it easier for these people to understand new things. The level of education possessed will affect his understanding. The reason is now for business people whose education is limited to elementary / junior high school but have the willingness to learn and increase their understanding of SAK EMKM, they can understand and produce financial reports based on SAK EMKM well.

Effect of Accounting Knowledge on Financial Reporting

The results of testing the hypothesis in this study indicate that accounting knowledge has a significant effect on financial reporting. Accounting knowledge that is about the facts of business transactions from an organizational unit, knowledge about classification which includes journals and ledgers as well as knowledge about everything about Roudah's financial statements (2008). Knowledge about accounting is needed by business leaders in carrying out company operations. According to various studies in Probosari (2014), one of the weaknesses of MSMEs in Indonesia is that they generally do not master and do not practice an adequate financial system. In general, MSMEs do not or do not have the knowledge and ability to manage accounting records in a strict and disciplined manner with regular accounting, both in the form of daily, weekly, monthly, and so on, so many of them do not understand the importance of recording and bookkeeping for business continuity. According to the concept of enterprise theory, the center of attention of the presentation of accounting information is the parties associated with the company, both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements.

The Effect of Financial Accounting Standards on Micro Small and Medium Enterprises on MSME Financial Reporting

The results of testing the hypothesis in this study indicate that accounting knowledge has a significant effect on financial reporting. Accounting knowledge that is about the facts of business transactions from an organizational unit, knowledge about classification which includes journals and ledgers as well as knowledge about everything about Roudah's financial statements (2008). Knowledge about accounting is needed by business leaders in carrying out company operations. According to various studies in Probosari (2014), one of the weaknesses of MSMEs in Indonesia is that they generally do not master and do not practice an adequate financial system. In general, MSMEs do not or do not have the knowledge and ability to manage accounting records in a strict and disciplined manner with regular accounting, both in the form of daily, weekly, monthly, and so on, so many of them do not understand the

importance of recording and bookkeeping for business continuity. According to the concept of enterprise theory, the center of attention of the presentation of accounting information is the parties associated with the company, both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements. both directly and indirectly. An accounting information can provide benefits, especially for leaders or business owners as accounting knowledge in producing financial statements.

Effect of Education Levels on MSME Financial Reporting which is moderated by the Financial Statement Preparation Training

Hypothesis testing results prove that financial reporting preparation training is able to moderate the relationship between education levels and MSME financial reporting. The ability and expertise of MSME actors is determined by the education they have taken. The education level of MSME actors greatly influences how the accounting system in this case the MSME financial reporting. In addition, the ease of understanding SAK EMKM in financial reporting also depends on the educational background of each MSME actor, where this background and Level of Education is a department / field of study pursued by MSME actors.

Research results by Rudiantoro and Siregar (2011) The level of education is a level or stage education must be pursued based on the level of development of students, goals to be achieved, and abilities to be developed. If MSME actors with educational backgrounds other than economics or accounting tend to be longer in understanding the process of preparing financial statements based on SAK EMKM than MSME entrepreneurs with economic or accounting education backgrounds

The Influence of Accounting Knowledge on MSME Financial Reporting which is moderated by the Financial Statement Preparation Training

The results of hypothesis testing prove that the training in preparing financial statements is able to moderate the relationship between accounting knowledge and MSME financial reporting. Accounting is a science that provides information on a company's financial statements, therefore every company both large and small must have it, from simple to high level, it is certain that every company makes a company's financial statements. The difference is whether the company applies financial statements based on Accounting Understanding and accounting standards or not. Accounting understanding related to financial reporting is very important. A good understanding of accounting is expected to provide benefits for the progress and development of a business or a company.

The Effect of the Implementation of SAK EMKM Implementation on MSME Financial Reporting which is moderated by the Financial Statement Preparation Training

The results of hypothesis testing prove that financial statement preparation training is able to moderate the relationship between the implementation of SAK EMKM on MSME financial reporting. Putra (2018) Extension of Financial Accounting Standards for Macro Small and Medium Enterprises which was specifically designed as a benchmark for financial accounting standards at MSMEs. This Financial Standard was formulated and endorsed by IAI or the Indonesian Institute of Accountants as a professional organization that houses all accountants in Indonesia. The SAK EMKM is an encouragement for entrepreneurs in Indonesia to significantly contribute to the development of more advanced MSMEs. Because financial statements are important in a business. Surely every expenditure and income must be clear and must be balanced so that the business can be more advanced.

Coefficient of Determination

The coefficient of determination (R²) aims to measure how large the ability of all independent variables to explain the variance of the dependent variable.

Table 4. Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.894a	.799	.771	7,06776	2,143

a. Predictors: (Constant), Implementation of SAK EMKM, Educational Level, Accounting Knowledge

b. Dependent Variable: Quality of Financial Statements

Source: SPSS Processing Results, 2019

The coefficient of determination (R²) in this study is 0.799, which shows that the ability of the dependent variable in explaining the dependent variable is 7.99%.

Thus, it can be concluded that the dependent variable of this study, namely the quality of financial statements can be explained by the variable levels of education, accounting knowledge and implementation of SAK EMKM. While the rest (100% -79.9% = 20.1%) is explained by factors other than research.

CONCLUSION

Based on data analysis and discussion previously explained, the first conclusion can be drawn that the Level of Education influences Financial Reporting. The higher the level of education pursued by SMEs, the understanding of business actors in preparing financial reports based on SAK EMKM will increase. Second, accounting knowledge influences financial reporting. Knowledge about accounting is needed by business leaders in carrying out company operations. Accounting produces information that is presented in the form of financial statements. An information will be meaningful if it can increase user knowledge and confidence in decision making. The three SAK EMKM have an effect on MSME Financial Reporting. The SAK EMKM is an encouragement for entrepreneurs in Indonesia to be able to contribute significantly to the development of more advanced MSMEs.

Fourth, Financial Reporting Preparation Training is able to moderate the relationship between Education and MSME Financial Reporting. If MSME actors with educational backgrounds other than economics or accounting tend to take longer to understand the process of preparing financial statements based on SAK EMKM than MSME entrepreneurs with economic or accounting education backgrounds. Fifth, the Financial Report Preparation Training is able to moderate the relationship between Accounting Knowledge and MSME Financial Reporting. Accounting is a science that provides information on a company's financial statements, therefore every company both large and small must have it, from simple to high level, we can be sure that every company makes the company's financial statements.

The Sixth Training on Financial Report Preparation is able to moderate the relationship between SAK EMKM Implementation with MSME Financial Reporting. This Financial Standard was formulated and endorsed by the IAI or the Indonesian Institute of Accountants as a professional organization that houses all accountants in Indonesia. The SAK EMKM is an

encouragement for entrepreneurs in Indonesia to significantly contribute to the development of more advanced MSMEs. Because financial statements are important in a business. The Sixth Training on Financial Report Preparation is able to moderate the relationship between SAK EMKM Implementation with MSME Financial Reporting. This Financial Standard was formulated and endorsed by the IAI or the Indonesian Institute of Accountants as a professional organization that houses all accountants in Indonesia.

The SAK EMKM is an encouragement for entrepreneurs in Indonesia to significantly contribute to the development of more advanced MSMEs. Because financial statements are important in a business. The Sixth Training on Financial Report Preparation is able to moderate the relationship between SAK EMKM Implementation with MSME Financial Reporting. This Financial Standard was formulated and endorsed by the IAI or the Indonesian Institute of Accountants as a professional organization that houses all accountants in Indonesia. The SAK EMKM is an encouragement for entrepreneurs in Indonesia to significantly contribute to the development of more advanced MSMEs. Because financial statements are important in a business.

REFERENCES

- Arief Luqman, Wicaksono. (2016). Analysis of Factors That Influence Perception of Micro, Small and Medium Enterprises About the Importance of Financial Reporting Based on SAK ETAP (Empirical Study of MSMEs in Jember District). Essay. Jember: Jember University.
- Arikunto, S. (2010). Research Procedure: A Practical Approach (IV). Jakarta: PT Rineka Cipta.
- Astiani, Yulia. (2017). Effect of Perception of Micro and Small and Medium Enterprises About Accounting, Knowledge Accounting, and Business Scale on the Use of Accounting Information. Scans. Faculty of Economics, Yogyakarta State University
- Azwar, Saifuddin. (1992). Reliability and Validity: Sixth edition. Yogyakarta: Student Library.
- Baihaqi, Wildan Taufik. (2017). The Influence of Owners' Perceptions on the Purpose of Financial Statements and Knowledge of Business Actors on the Quality of Financial Statements in Micro and Medium Enterprises (Umkm) Essay. Yogyakarta State University
- Cahyati, AD, Mulyanti, K., & Setyawasih, R. (2011). Understanding and Readiness of SMEs in the Implementation of Sak Etap: Survey on SMEs in Bekasi, 2 (2), 19-27
- Edi, Siswanto. (2014). Application of Financial Report Preparation in Small and Medium Enterprises Based on Entity Financial Accounting Standards Without Public Accountability (Case Study of Brebes Fried Chicken SMEs). Essay. Semarang: Dian Nuswantoro University.
- Esther Meryana. (2012). Three Things That Make SMEs Resistant to Crisis. Kompas.Com. Retrieved from
- Farida. (2018). Application of Financial Statements Based on Sak Emkm on Bitu Mushroom Umkm in Sidomulyo Village, Batu Hidayat City, IP (2004). Accounting for Small and Medium Enterprises. Retrieved from Tribhuwana Tungadewi University. Poor

- Krisnaditya, Ardhan. (2013). "Perception of UMKM Players on the Purpose of Financial Statements". Essay. Faculty of Economics. Yogyakarta State University
- Mansyur, Dwi Indah Pratiwi. (2012). "Perception of Micro Small Business Actors on the Use of Financial Reports of Empirical Studies at PT. Telkom Indonesia, Tbk Region VII KTI." Essay. Makassar Hasanuddin University.
- Martani, Dwi. (2011). Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). Riau
- Narsa, IM, Widodo, A., & Kurnianto, S. (2012). Revealing Umkm Readiness in Implementing Financial Accounting Standards for Entities Without Public Accountability (Psak-Etap) To Improve Banking Capital Access. *Economic Magazine*, (3), 204–214.
- Putra, Eka Romy A. (2018). Effects of Education Level, Accounting Understanding, Motivation and Business Age on Financial Accounting Standards for Micro and Medium Enterprises. Essay. Riau University. Pekanbaru
- Rian, M. (2017). Analysis of Understanding Level and Level of Requirement of Accounting Practices for UMKM Business Actors in the Aur Kuning Bukittinggi Market Area
- SAK EMKM. (2016). Exposure Draft Financial Accounting Standards for Micro, Small and Medium Enterprises, (September).
- Sugiyono (2010). *Business Research Methods*. Bandung: Alfabeta.
- Sugiono. (2012). *Quantitative, Qualitative, and R&D Research Methodologies*. Bandung: Alfabeta. Data source / source: Riau Province Cooperative and UKM Office / Riau Province Cooperative and UKM Service
- Sugiono. (2013). *Educational Research Methods Quantitative, Qualitative and R&D Approaches*. Bandung:
Data source / source: Riau Province Cooperative and UKM Service Office / Riau Province Cooperative and UKM Service
- Tambunan, sincere. 2012. *Micro, Small and Medium Enterprises in Indonesia: Important Issues*. Jakarta: LP3ES
- Law No. 20/2008 concerning Micro, Small, Medium Enterprises, (20), 1–24.
- Wati, Evi Emilia. (2011). "Perception of SMEs (Small and Medium Enterprises) Against the Application of Accounting". Essay. Perbanas School of Economics.
- Indonesian Institute of Accountants (IAI). (2009). *Financial Accounting Standards for Entities Without Public Accountability*. Jakarta.
- Indonesian Institute of Accountants. (2011). *Implementation of SAK ETAP*.
- Indonesian Institute of Accountants (IAI). (2016). *Financial Accounting Standards for Micro, Small and Medium Enterprises*. Jakarta. Indonesia. (2008).
- <http://imanph.wordpress.com>
- <https://doi.org/10.20473/JEBA.V22I32012.43088>
- <https://ekonomi.kompas.com/read/2012/03/28/11093274/Tiga.Hal.yang.Bua.UMKM.Tahan.Krisis>