IRJEMS International Research Journal of Economics and Management Studies
Published by Eternal Scientific Publications
ISSN: 2583 – 5238 / Volume 3 Issue 7 July 2024 / Pg. No: 352-361
Paper Id: IRJEMS-V3I7P140, Doi: 10.56472/25835238/IRJEMS-V3I7P140

Original Article

The Influence of Educational Level, Length of Business And Business Size on Umkm's Understanding in Preparing Financial Reports Based on Sak-Emkm (Study of Small-Scale Umkm in Pontianak City)

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Received Date: 18 June 2024 Revised Date: 30 June 2024 Accepted Date: 11 July 2024 Published Date: 19 July 2024

Abstract: *Micro, Small, and Medium Enterprises (MSMEs) in Pontianak have a very important role related to local economic development and community development. These small-scale MSMEs are often home or family businesses that produce goods or services with a limited production scale but have significant economic value. The purpose of this study is to examine how MSMEs' comprehension of creating financial reports using SAK-EMKM (study of small-scale MSMEs in Pontianak City) is impacted by factors such as firm size, duration of operation, and education level. With a sample size of 100 respondents, the data analysis procedures employed are multiple linear regression analysis, study instrument testing, traditional assumptions testing, and hypothesis testing. This research method is quantitative with a descriptive approach. The research results show (1) the level of education has a positive and significant effect on MSMEs' understanding of preparing financial reports based on SAK-EMKM; (2) length of business has a positive and significant effect on MSMEs' understanding of preparing financial reports based on SAK-EMKM; and (3) business size has a positive and significant effect on MSMEs' understanding of preparing financial reports based on SAK-EMKM.*

Keywords*: Education Level, Length of Business, Business Size and Understanding of MSMEs.*

I. INTRODUCTION

MSMEs are independent business units, which are run by individuals or companies in various economic sectors (Tulus T. H. Tambunan, 2017). Micro, Small and Medium Enterprises (MSMEs) have an important role for a region in fostering local economic growth and the development of local communities. Apart from that, MSMEs will make the MSME community more independent, more active and more creative in developing new ideas to expand their businesses.

The basic problem faced by small-scale MSMEs in Pontianak City is the problem of preparing financial reports, which are still classified as very simple and inadequate because many MSMEs still do not understand how to prepare reports, according to SAK-EMKM. According to Febryanty and Agung (2018) explained that the obstacle for most MSME actors in terms of accountability is that they have not carried out accounting records and made financial reports.

According to Juminang (2014), reports on finances offer a window into the various transactions that take place in a business. Preparing reports based on SAK-EMKM makes it easier for small-scale MSMEs in Pontianak City to process data that is orderly and understandable, both monthly financial reports and annual financial reports.

Table 1.Number of Small Scale MSMEs in Pontianak City in 2023

No	Subdistrict	Unit
1	Pontianak city	186
2	West Pontianak	155
3	South Pontianak	165
4	Nort Pontianak	106
5	Southeast Pontianak	121
6	East Pontianak	71
Total		**804**

Source : *Satu Data Kota Pontianak Tahun 2024*

Based on the data above shows how widespread MSMEs are in various sub-districts in Pontianak City. It can be seen that each sub-district has a different number of MSMEs, which reflects the economic activity in each region. The highest small-scale MSMEs are in Pontianak City with 186 units, 71 units are in East Pontianak so they are among the lowest among the others.

Financial reports are very important for small-scale MSMEs in Pontianak, not only to make it easier to access bank loans, but also used to measure business performance, calculate profits, and can be used as the first tool for decision making. According to Febryanty and Agung (2018) explained that the obstacle for most MSME actors in terms of accountability is that they have not carried out accounting records and made financial reports. Meanwhile, accounting data can be used as a basis for making simple decisions in managing small and medium-scale businesses, such as decisions in developing market share.

Preparing reports based on SAK-EMKM makes it easier for small-scale MSMEs in Pontianak City to process data that is orderly and understandable, both monthly financial reports and annual financial reports. This can have an effect that makes it easier for small-scale MSMEs in Pontianak to make decisions and continue the development of their business.

According to Rejeki and Kautsar (2020), they explain that the level or level of education is a stage in education which has been determined based on the development of students, the skills developed to achieve the desired goals. An employee's education level reflects how well he understands and understands his duties to be able to complete them effectively.

So the higher a person's level of education and a broad level of accounting education, the more helpful they will be in making reports. MSME actors who prepare these financial reports should have relevant education and appropriate abilities in carrying out their duties. With a high level of education, an understanding of managing financial reports based on SAK-EMKM will become easier and more effective.

In a maintained existence, namely in developing a business, this is because the business owner can understand the records for developing a business which is useful for knowing increases and decreases in income (Priyadi, 2017). According to Mohammad Hasan (2020), business duration is the amount of time that entrepreneurs or entrepreneurs use to run their businesses. This situation really provides skills and expertise to business actors in innovating and being creative so that their business development can be improved and ultimately affect income.

This situation really provides skills and expertise to business actors in innovating and being creative so that their business development can be improved, and ultimately affect income. As the age of a business increases, MSMEs tend to increase their understanding of how to prepare good financial reports based on SAK-EMKM. This is due to the higher frequency and understanding of the flow of financial creation based on SAK-EMKM in the use of financial reports over time. Thus, financial reports based on SAK-EMKM show better results than these reports.

For small-scale MSMEs, business size is an assessment of how developed the business is. Because the size of the business has an influence on how the mindset of business actors is related to difficulties and high levels of transactions in their business, so in other words the high size of the business can give someone the ability to think and understand to provide a solution to the problems they face. According to Eny Suastini (2018), a business's capacity can be determined by looking at its total assets, turnover of sales, and workforce size. This scale is known as business size.

Large businesses require good financial reports to maintain the continuity of their operations. Meanwhile, small businesses must manage their finances well so they can expand their markets and grow bigger. If there are no financial records and the financial reports are made haphazardly without being based on SA EMKM, it is likely that the business being run will not last long. Therefore, good financial reports can be measured by the size of the business itself. In light of the foregoing background information, the author is thus interested in carrying out research under the subject "The Effects of Education Level, Business Length, and Business Size on MSMEs' Knowing and SAK-Based Financial Report Preparation-EMKM (Study of Small Scale MSMEs in Pontianak City)."

II. FORMULATION OF THE PROBLEM

The phenomenon raised in this research is MSMEs' understanding of making financial reports based on SAK-EMKM, which is the basis to MSME actors to make good reports. With a good financial report, MSME players, especially small scale ones in Pontianak City, can find out and provide benefits to them in making decisions for the continuity of their business. Given this context, the research's issue statement aims to ascertain how MSMEs' comprehension of preparing financial reports based on SAK-EMKM on small-scale MSMEs in Pontianak City is impacted by factors such as education level, length of operation, and business size.

III. RESEARCH PURPOSE

The objectives of the research carried out are as follows:

1. Test and analyze the influence of education level on understanding of small-scale MSMEs in Pontianak City in preparing

financial reports based on SAK-EMKM.
2. Test and analyze the influence of length of business on understanding of small-scale MSMEs in Pontianak City in preparing financial reports based on SAK-EMKM.
3. Test and analyze the influence of business size on the understanding of small-scale MSMEs in Pontianak City in preparing financial reports based on SAK-EMKM.

IV. RESEARCH CONTRIBUTIONS

1. This research is expected to be a theoretical contribution by expanding understanding of the factors that influence the understanding of making financial reports, especially for small-scale MSMEs in Pontianak City based on SAK-EMKM. by examining the effects of firm size, duration, and educational attainment. For small-scale MSMEs in Pontianak City, this research can shed light on the significance of accurate financial reports that are based on SAK-EMKM.
2. Practically, the results of research conducted by researchers can provide valuable guidance for small-scale MSMEs in Pontianak City, as well as other areas. By recognizing the ways in which business size, duration, and educational attainment affect comprehension of SAK-EMKM financial report preparation, as well as by emphasizing to MSME participants the significance of financial report preparation.

V. THEORETICAL BASIS

Explain the main principles of scientific concepts or limitations norms related to research variables. The theory consists of *Human Capital Theory, Organizational Learning Theory* and *Resource-Based View-RBV,* as well as the relationship or influence between variables. The theoretical studies used are secondary and primary sources. Use of secondary sources or textbooks does not exceed 40% of the total number of references.

A) Grand Theory

1. Human Capital Theory states that investment in education and training increases an individual's knowledge, skills and competencies, which in turn increases productivity and performance.
2. Organizational Learning Theory states that organizations learn and develop through experience and continuous adaptation. Over time, organizations (including MSMEs) acquire knowledge and skills that enable them to Improve internal practices and procedures, including the preparation of financial reports in accordance with applicable standards such as SAK-EMKM.
3. Resource-Based View (RBV) theory argues that a company's competitive advantage comes from managing unique and valuable internal resources, which are difficult for competitors to imitate.

B) Micro, Small and Medium Enterprises (MSMEs)

According to Tulus T. H. Tambunan (2017), MSMEs are a type of independent business that can be owned by individuals or companies and operate in various economic sectors. According to LWK Niken (2019), MSMEs are businesses founded by individuals or groups, which can be home or small businesses with a number of employees between 1 and 9 people. Medium-sized businesses have around 20 to 99 employees. MSMEs are the most common businesses in Indonesia, but there are still variations in the criteria used to define small businesses. Based on what has been explained above, researchers can draw the conclusion that MSME is a term used to describe a type of business of a certain size based on certain criteria, such as number of assets, turnover and number of employees. The grouping of criteria aims to facilitate government support and policies that suit the needs of each type of business.

According to government regulation number 7 of 2021, MSMEs can be classified based on capital and annual sales results namely, micro businesses have assets worth IDR. 50,000,000 (fifty million rupiah) every month and has met the criteria regulated by the Constitution, small businesses have assets worth Rp. 300,000,000 per year and not being part of a larger company and medium-sized business has assets worth Rp. 500,000,000 per month.

C) Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM)

According to Fajriana (2023), Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) are accounting standards prepared by the Financial Accounting Standards Board of the Indonesian Accountants Association (DSAK IAI), which are legally recognized in Indonesia. This SAK EMKM, which DSAK IAI approved, came into effect on January 1 2018 and is designed to meet the financial reporting needs of MSMEs.

According to Sri Ayu Sulistyawati (2020), SAK EMKM is a stand-alone financial accounting standard designed for entities that fall into the category without significant public accountability as described in SAK ETAP and meets the definitions and characteristics stated in Law No. 20 of 2008 regarding Micro, Small and Medium Enterprises (MSMEs). SAK EMKM clearly describes the concept of business entities as one of the basic assumptions. Therefore, in order to generate financial reports that comply with SAK EMKM, an entity needs to be able to distinguish between one business or entity and a different one, and also distinguish the owner's personal wealth from the company's assets and commercial outcomes. Based on what has been explained above, researchers can draw the conclusion that SAK EMKM is a Financial Accounting Standard for Micro and Small Entities which provides guidelines on how to measure, disclose and report financial information accurately and consistently to meet the needs of financial information users, such as owners. , creditors and other interested parties as well aims to improve the transparency, readability and quality of financial information presented by business entities in the category.

According to Mujahidah (2021), financial reports are based on SAK EMKM, which includes data regarding assets, liabilities and equity of an entity on a certain date. This report provides three main types of information regarding the entity's financial condition, namely assets, liabilities and equity.

VI. FINANCIAL STATEMENTS

According to Wijaya (2018), financial reports are the result of several activities in accounting activities. Meanwhile, according to Juminang (2014), financial reports offer a window into the various transactions that take place in a business. Financial events and transactions are then accurately recorded, categorized, and evaluated in the context of money and then interpreted for a variety of objectives. Based on what has been explained above, researchers can draw the conclusion that financial reports are documents that present information about the financial performance of an entity in a certain time period. Financial reports provide a clear picture of the financial position, operating results and cash flows of the entity.

According to research conducted by Sujarweni (2017), it is stated that this type of financial report is considered comprehensive so it provides very good results. This includes five aspects, namely, profit and loss report, capital changes report, cash flow report, balance sheet, and notes to financial reports.

A) Level of Education

In the Republic of Indonesia Constitution Number 20 of 2003 concerning National Education, education is defined as a conscious and designed effort to create learning situations and teaching processes so that students can be proactive in developing their potential and have spiritual strength, self-control, personality, intelligence, good morals, and creativity aimed at themselves, society, nation and state.

According to Arum and Nuraini (2021), the level of education is closely related to changes in attitudes and knowledge. UUD no. 20, which was passed in 2003, contains the educational process based on the student's level of development, goals that must be met, and abilities that continue to be honed. Meanwhile, according to Rejeki and Kautsar (2020), they explain that the level or level of education is a stage in education which has been determined based on the development of students,' skills developed to achieve the desired goals.

According to Hasbulla (2015), the goal of education is to help people mold their personalities to fit the norms of their community and culture. Furthermore, education is considered the result of an individual or group achieving mental maturity and improving the quality of life. From what has been explained above, researchers can conclude that the level of education refers to the abilities and skills possessed by small-scale MSMEs in Pontianak City. The latest level of education often influences the understanding of financial reporting systems that follow accounting standards. The higher an individual's level of education, the higher their ability to understand current information, so that the process of preparing financial reports that follow accounting standards becomes smoother.

According to Sri Ayu Sulisyawan (2020), measuring the level of education can be used through five aspects which include, undergoing formal education, the importance of formal education, business training, learning knowledge, and gaining knowledge from the family.

B) Lama Usaha

According to Husaini (2017), the active period of a business is the period spent by the entrepreneur operating his business. This active period can be considered as experience in business. The longer the business runs, the greater the understanding of consumer behavior and existing market share.

According to Elly Ernawati, Jeny Susyanti, and Muhammad Agus Salim (2019), length of business is the length of time a person has been running a business, which has an impact on the more experienced, more mature and more knowledgeable they are in managing their business. In addition, highly experienced entrepreneurs with long working hours can indirectly gain a sales network to expand. Meanwhile, according to Made Dwi Vijayanti and I Gusti Wayan Murjana Yasa (2016), the work period refers to the period of time spent by an entrepreneur running his business. This can increase the number of business connections and customers, which is considered something positive for entrepreneurs to increase their revenue. In other words, researchers conclude that the length of business is the period of experience a person has in running a business over a certain period of time. This helps to understand market conditions, customers, and products. The experience you have can have an impact on income by increasing efficiency and reducing production costs, thus enabling higher product prices to be determined in the small-scale

MSME business market in Pontianak City.

According to Diah Ayu Susanti and Ulva Rizky Mulyani (2022), in the length of business, several aspects of indicators are tools for measuring it, namely, the length of time the business has been established, the experience gained, knowing consumer desires and understanding competitor performance.

C) Business Size

According to Hendrawati (2017), business size is the total value of the company, reflecting the number of assets within it, total sales and incoming profits, thereby influencing the company's social performance and achieving company goals. Meanwhile, according to Eugene F and Joel F (2015), business size refers to average assets per year, which has an impact on greater expenditure to carry out business activities and reflects the scale of the business entity.

According to Kira and He (2015), business size has an important role in a company's capital structure because real assets can influence the ease of access to debt in the long term. From the preceding description, it is clear that that business size is the large or small scale of a business with total assets, total sales and profits earned which are useful for managing a business in achieving certain goals. So, by taking into account all forms, be it assets or total profits received, small-scale MSME players in Pontianak City can create marketing strategies aimed at developing MSME businesses.

According to Eny Suastini (2018), business size reflects the scale of an organization or company and can be measured through total assets, sales turnover and number of employees. Moreover, three aspects can be used to measure the length of business, namely, the number of employees, company assets, and company sales (Haryani, 2018).

D) Research Framework and Hypothesis

The framework of thinking is the result and synthesis of theories and literature reviews that are related to the problems faced in formulating this research problem. According to Sugiyono (2014), in forming a group of theories that need to be put forward in preparing a framework for thinking in making a hypothesis, the research variables must first be determined. In this research, there are 3 independent variables consisting of Education Level (X1), Length of Business (X2), Business Size (X3) and Understanding of MSMEs in Preparing Financial Reports Based on SAK_EMKM (Y) as the dependent variable.

1) The Relationship between Education Level (X1) and Understanding of MSMEs in Preparing Financial Reports Based on SAK-EMKM

   A higher level of education is usually directly proportional to better cognitive abilities in understanding accounting and financial concepts. MSME owners or staff who have a higher educational background tend to understand and apply complex accounting principles more easily. They are able to understand the rules and standards set out in SAK-EMKM, so they can prepare financial reports that comply with these standards. Research by Fitra, Junaidi and Sofyan Syamsuddin. (2022), where the results of this research explain that the level of education has a positive and significant influence on MSMEs' understanding of preparing financial reports based on SAK EMKM. The hypothesis proposed based on the relationship between variables and support from previous research is as follows:

   H_1 : There is a positive and significant influence between the level of education on the understanding of MSMEs in preparing financial reports based on SAK EMKM (Study of small-scale MSMEs in Pontianak City).

2) Long-term Business Relationship on MSMEs' Understanding in Preparing Financial Reports Based on SAK EMKM

   MSMEs that have been operating for longer tend to have more experience in managing finances and preparing financial reports. These years of experience allow them to learn and understand various accounting principles, including those set out in SAK-EMKM. As time goes by, they become more skilled in applying these accounting standards so that the resulting financial reports are more in line with applicable regulations. Research by Moh Adam Sholeh, Maslichah and Dwiyani Sudaryanti (2020), where the results of the research explain that length of business has a positive and significant influence on MSMEs' understanding of preparing financial reports based on SAK EMKM. The hypothesis proposed based on the relationship between variables and support from previous research is as follows:

   H_2 : There is a positive and significant influence between the length of business on an understanding of MSMEs in preparing financial reports based on SAK-EMKM for small-scale MSMEs in Pontianak City.

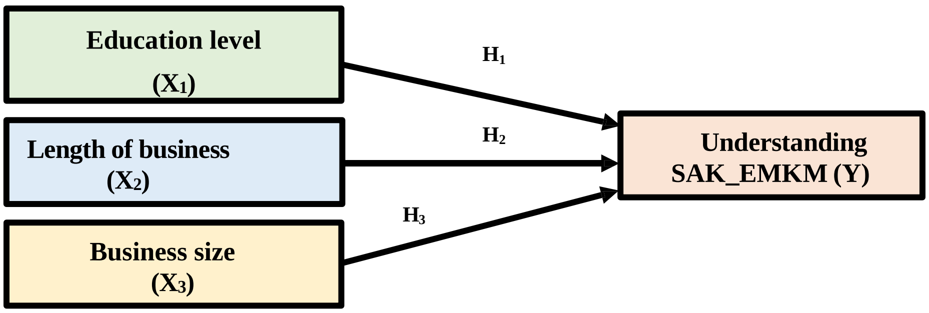
3) The relationship between business size and understanding of MSMEs in preparing financial reports based on SAK EMKM

   MSMEs with larger business sizes usually have more adequate resources to manage their finances and accounting. They tend to have a finance or accounting team that specializes in financial recording and reporting. With trained and experienced staff, MSMEs can ensure that their financial reports are prepared correctly in accordance with SAK-EMKM.

In addition, with more resources, these MSMEs are also able to access training and consultations that can increase their understanding of applicable accounting standards. Research conducted by Silvi Sri Nurhayati, Ahmad Muhammad Ryad SH and Ahmad Bahrudin Doni Boro (2022) concluded that business size significantly and favorably affects MSMEs' comprehension of creating financial reports using SAK EMKM. The hypothesis proposed based on the relationship between variables and support from previous research is as follows:

H_3 : There is a positive and significant influence between business size on understanding MSMEs in preparing financial reports based on SAK-EMKM for small-scale MSMEs in Pontianak City.

In this research, the relationship between achieving the tax arrears revenue target and the variables that influence it can be made into a framework for thinking as follows:



Source: *Data Olahan Tahun 2024*

Figure 1. Researcher's Thinking Framework

VII. METHOD

The type of research used in this research is based on the nature of the problem, which is referred to as comparative causal research. This type of research is concerned with the relationship between the causes and effects of two or more variables. Researchers observe the results that occur and investigate clear facts as the cause. This research was carried out for 4 (four) months, starting from designing the research proposal to preparing the research results report, namely from February 2024 to May 2024.

The population in this research is small-scale MSMEs in Pontianak City with a total number of MSMEs reaching 804 MSMEs. Next, the research sample selection method was carried out using a purposive sampling technique. Drawing the number of samples in this research was carried out using the Slovin technique so that through the Slovin technique, a research sample size of 100 respondents/small-scale MSMEs in Pontianak City was obtained.

In this study, two different types of data were used: primary and secondary. Primary information was acquired from filling out questionnaires by respondents required to advertise who reside in Singkawang City, while secondary data was obtained from the Regional Financial Agency Office of Singkawang City. Data collection techniques in this research were carried out through several techniques, namely questionnaires, interviews and literature studies.

The data analysis method in this research is quantitative data analysis using the SPSS 26.0 program. Quantitative data analysis in this research consists of descriptive statistical analysis using a questionnaire as measured by a Likert scale, which has a score interval scale of 1-5, research instrument analysis (validity and reliability tests), classical assumption tests (normality, multicollinearity, linearity and heteroscedasticity), multiple linear regression analysis, and hypothesis testing.

The application of the multiple linear regression method in this research is due to the number of variables (independent) that will be used more than one, which influences one dependent variable (dependent). The basic model of this research is as follows:

$$\mathbf{Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + e}$$

Information :

Y	=	Understanding MSMEs Based on SAK-EMKM
X_1	=	Education level
X_2	=	Length of business
X_3	=	Business size
a dan b_1, b_2, b_3	=	Konstanta
e	=	*standar error*

VIII. RESULTS AND DISCUSSION

A) Result

The results of the multiple linear regression test for the variables Educational Level (X1), Length of Business (X2), and Business Size (X3) on Understanding MSMEs Based on SAK-EMKM (Y) are displayed in table 2.

Table 2. Results of Multiple Linear Regression Analysis

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.820	2.121		4.328	.000
	Education_level	.339	.186	.295	2.902	.005
	Length_business	.519	.138	.361	3.585	.000
	Business_size	.249	.193	.208	2.281	.023
a. Dependent Variable: Understanding_UMKM						

Source: Data Olahan Tahun 2024

Based on the results in table 2, the regression equation obtained is:

$$Y = 0{,}295X1 + 0{,}361X2 + 0{,}208X3$$

This equation shows that every increase in the independent variable has a positive impact on the dependent variable. Specifically, the regression coefficient for Education Level (X1) is 0.295, which means that education level will increase MSMEs' understanding of preparing financial reports based on SAK-EMKM. The regression coefficient for Length of Business (X2) is 0.361, indicating that the length of business will increase MSMEs' understanding in preparing financial reports based on SAK-EMKM. Furthermore, the regression coefficient for Business Size (X3) is 0.208, which indicates that business size shows that MSME actors have carried out good reporting and also have a good understanding of preparing financial reports.

Based on SAK-EMKM. Thus, these three independent variables positively influence MSMEs' understanding in preparing reports based on SAK-EMKM.

If there is a combined effect between all of the independent variables in the model and the dependent variable, it is shown by the F statistical test. The importance of Fcount and Ftable are compared to perform the F test. The Ftable value is 2.70. To determine the joint influence of independent variables on the dependent variable, the criteria (Fcount > Ftable) or (p-value < 0.05) are used. The results of the F Test are shown in Table 3.

Table 3. Model Feasibility Test Results *(Goodness of Fit)*

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	90.048	3	35.728	7.811	.000[b]
	Residual	18.270	96	4.066		
	Total	108.318	99			
a. Dependent Variable: UNDERSTANDING MSMEs						
b. Predictors: (Constant), business_size, education_level, length _of business						

Source: *Data Olahan Tahun 2024*

Based on Table 3, the Fcount value is 7.811 with a Sig value of 0.000. This shows that the Fcount value is greater than Ftable 2.70, and the Sig value is smaller than 0.05. Thus, H0 is rejected, and Ha is accepted. This means that the level of education (X1), length of business (X2) and size of business (X3) simultaneously have a significant influence on the understanding of MSMEs in preparing financial reports based on SAK-EMKM. (Y). In this case, the results show statistical support for the research model proposed in this research or other words, the research model is supported empirically and theoretically for the variables (independent and dependent) proposed because the significance value is smaller than 5% so that the research model has shown *goodness of fit.*

The t-statistical test is used to assess the extent to which each independent variable contributes to the dependent variable individually. In this research, the ttable value used is 1.984. The criteria for determining significance is if the tcount value is greater than the t-table or if the p-value is less than 0.05. Following are the partial test results shown in table 4.

Table 4. Partial Test Results (t-Test)

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.820	2.121		4.328	.000
	Education_level	.339	.186	.295	2.902	.005
	Length of _business	.519	.138	.361	3.585	.000
	Business_size	.249	.193	.208	2.281	.023
a. Dependent Variable: UNDERSTANDING MSMEs						

***Source:** Data Olahan Tahun 2024*

Based on the results of the partial test (t-test) for the education level variable, a t-count value of 2.902 was obtained with a significance value of 0.005. This demonstrates that there is an important and beneficial effect on MSMEs' comprehension of creating financial statements based on SAK-EMKM, as the tcount value is more than the ttable value of 1.984 and the significance value is smaller than 0.05. The length of the business variable (X2) obtained a t-value of 3.585 with a significance value of 0.000. This demonstrates that the t-count value is higher than the t-table value of 1.984 and the significance score is less than 0.05, indicating an important and beneficial effect on MSMEs' understanding of getting ready financial reports based on SAK-EMKM, in addition to the business size variable (X3) obtaining a t-count value of 2.281 with a significance value of 0.023. This demonstrates that the value of the tcount is more than the ttable value of 1.984, and the significance value is less than 0.05, showing a positive and substantial influence on MSMEs' comprehension of creating financial reports using SAK-EMKM.

The coefficient of determination (R^2) assesses the model's capacity to explain variance in the dependent variable. The coefficient of determination test results (R^2) in Table 4 shows an R^2 value of 0.747 or 74.7%. This means that the variables Educational Level (X1), Length of Business (X2), and Business Size (X3) explain 74.7% of the variation in Achieving the Tax Arrears Revenue Target (Y), while other variables outside the research model explain the remaining 25.3%.

Table 4. Coefficient of Determination Test Results (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784[a]	.747	.710	2.708
a. Predictors: (Constant), Business_size, Education_level, Length of_business				

***Source:** Data Olahan Tahun 2024*

B) Discussion

The research results show that a higher level of education improves analytical and critical abilities in managing finances. Formal education teaches the analytical skills necessary to understand the complexities of accounting and finance. In Pontianak City, MSME owners with a higher level of education can better analyze financial data, identify errors, and take necessary corrective steps, all of which contribute to the quality of financial reports. This is in line with research by Fitra, Junaidi and Sofyan Syamsuddin (2022), showing that the level of education has a positive impact on understanding based on SAK-EMKM in MSMEs.

The research results show that a longer business period allows MSME owners and managers to develop a deeper understanding of accounting principles. As time goes by, they learn from direct experience how to record financial transactions correctly and prepare financial reports in accordance with SAK-EMKM. In Pontianak City, MSMEs that have been operating for longer tend to have better knowledge of how to apply these accounting standards. This is in line with research by Moh Adam Sholeh, Maslichah and Dwiyani Sudaryanti (2020), showing that length of business has a positive effect on understanding based on SAK-EMKM in MSMEs.

The research results show that larger business sizes increase the need for accountability and transparency in financial reporting. Owners and managers of larger MSMEs are more aware of the importance of accurate and transparent financial reports for attracting investors, obtaining loans and meeting tax obligations. In Pontianak City, larger MSMEs have a stronger incentive to understand and comply with SAK-EMKM in order to maintain their reputation and credibility. This is in line with research by Silvi Sri Nurhayati, Ahmad Muhammad Ryad SH and Ahmad Bahrudin Doni Boro (2022), which show that business size has a positive effect on understanding based on SAK-EMKM in MSMEs.

IX. CONCLUSION AND RECOMMENDATIONS

Based on the research results, it can be concluded that the level of education, length of business, and business size have a positive and significant influence on the achievement of understanding of MSMEs in preparing financial reports based on SAK-EMKM in small-scale MSMEs in Pontianak City. The higher a person's level of education, the higher their understanding of making financial reports using the SAK-EMKM system, and the longer the business has been running, it can be seen that the existing financial reports are very good for MSME actors in making decisions and the size of the businesses owned by the actors. MSMEs provide an illustration that they have carried out good planning in determining strategies by looking at real and good financial reports.

The suggestions in this research for local governments and related institutions in Pontianak City should focus on increasing access and educational opportunities for owners and managers of MSMEs. Training programs and courses oriented to accounting and finance must be held regularly and adapted to the needs of MSMEs. In addition, providing training materials that are easy to access and understand, as well as direct guidance or mentoring, can help increase understanding of SAK-EMKM.

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