

The Influence of EMKM SAK on Transparency and Accountability of UMKM Financial Reports

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INDEXING	ABSTRACT
Keywords: Keyword 1; SAK EMKM Keyword 2; Financial Reports Keyword 3; Transparency Keyword 4; Accountability	The financial statements in this study are based on the Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM), which can be used to simplify the preparation of financial statements for business actors (UMKM) to make them more simplified and easier to understand for creditors, investors, and the government. This effort is expected to provide financial assistance or financing for UMKM (MSME). The purpose of this study is to determine the impact of the implementation of SAK EMKM on Accountability and Transparency in UMKM financial statements. This research method uses a quantitative method, with multiple regression analysis tools. Data collection uses primary data by distributing questionnaires to 150 respondents. The results of this study simultaneously explain the relationship between the variables studied with the $F_{count} > F_{table}$ ($3.743 > 0.006$) so that it can be concluded that the entity's financial position report based on SAK EMKM, the entity's profit and loss report based on SAK EMKM, notes to the entity's financial statements based on SAK EMKM, socialization and information on SAK EMKM together (simultaneously) have an effect on the accountability and transparency of UMKM financial reports, while for the results of the determination coefficient (R^2) of 0.0094 it can be concluded that the contribution of the independent variable has an effect on the dependent variable of 9.4% and the remaining 90.6% is influenced by other variables outside this model.

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INTRODUCTION

Micro, Small, and Medium Enterprises (UMKM) are the pinnacle of the Indonesian economy. UMKM in Indonesia are considered capable of providing an increasing effect on a country's economy (Sinha et al, 2024). UMKM are also a type of business that may be able to survive the economic crisis experienced by Indonesia in previous years (Risnansih et al, 2022). UMKM financial reports in Indonesia generally use the SAK EMKM method in their application, but this method is not yet fully understood by UMKM actors (Ningdiyah et al, 2024). According to research conducted by Manehat and Sanda (2022), it explains that the majority of micro, small, and medium enterprises (UMKM) in Indonesia have not implemented SAK EMKM based on their literature review. This implementation is not only occurring in Eastern Indonesia, but also in Western Indonesia, which has not implemented SAK EMKM in its UMKM businesses. This implementation

has not been achieved optimally due to limited human resources (HR) factors. This statement is also supported by research conducted by Umar et al (2023), which explains that several UMKM in Gorontalo have not yet implemented the Indonesian Accounting Standards for Small and Medium Enterprises (SAK EMKM) in their businesses. This implementation has not been well implemented due to limitations in collecting transaction records based on general financial reports and the Indonesian Accounting Standards for Small and Medium Enterprises (SAK EMKM).

Research conducted by Risnaningsih and Suhendri (2015); and Mutiah (2019) also explains that UMKM face challenges in preparing financial reports. Limited human resources (HR) for the preparation and management of financial reports based on the Indonesian Accounting Standards for Small and Medium Enterprises (SAK EMKM) are the main reasons why this method has not been implemented effectively. There are several previous studies that explain that there are still many studies that have not further studied why the implementation of SAK EMKM on business actors, this makes this researcher need to study more deeply related to the implementation of SAK EMKM on UMKM actors, although previous studies have conducted a lot of research related to SAK EMKM, but the results are still not many that explain in detail the influence of transparency and accountability of financial reports on UMKM, so this study needs to be done. The difference between this study and previous studies lies in the place, time, population and sample used.

LITERATURE REVIEW

According to the Indonesian Institute of Accountants (2018), the Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM) are financial component reports for SAK EMKM or limitations of use for public entities without public accountability. SAK EMKM is a stand-alone financial accounting standard that can be used by entities that meet the definition of entities without significant public accountability as stipulated in SAK ETAP and the characteristics of Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises (UMKM).

Financial accounting standards have long posed significant challenges for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, particularly in preparing and managing financial reports. The introduction of the Financial Accounting Standards for Non-Publicly-Accountable Entities (SAK-ETAP) on January 1, 2011, was intended to provide MSMEs with a framework for producing financial statements that are simple, transparent, and accountable. However, many MSMEs struggled to implement SAK-ETAP effectively, as it was often perceived as overly complex and misaligned with their reporting needs. To address this issue, on January 1, 2018, SAK EMKM was introduced as a more practical standard designed to assist approximately 57.9 million MSME entrepreneurs in Indonesia. Compared to SAK-ETAP, SAK EMKM offers a far simpler approach, making financial reporting more accessible and manageable for MSMEs (Adhikara, 2018).

Accounting

Sastroatmodjo and Purnairawan (2021) define accounting as the systematic and chronological recording and grouping of financial summaries and transactions to form financial statements, which are useful for parties who need financial reports for their decisions. Activity refers to the grouping of accounts in a company's books, naturally based on evidence of transactions or events occurring within the business. Activity summaries mark the conclusion of the report-making process for finance companies.

Transparency and Accountability

According to Mahmudi (2016:17), transparency means an organization's openness in providing information related to public resource management activities to stakeholders. Transparency also means providing explanations by public sector organization management regarding past, ongoing, and future activities, programs, and policies, along with the resources used. Transparency in public financial management is a principle of good governance that must be met by public sector organizations.

RESEARCH METHODS

Based on the literature review described above, this study proposes the following hypotheses:

- H1 : Statement of financial position of the entity based on SAK EMKM
- H2 : Income Statement of Entity Based on SAK EMKM
- H3 : Notes to the Financial Statements of the Entity Based on SAK EMKM
- H4 : Socialization and Information SAK EMKM

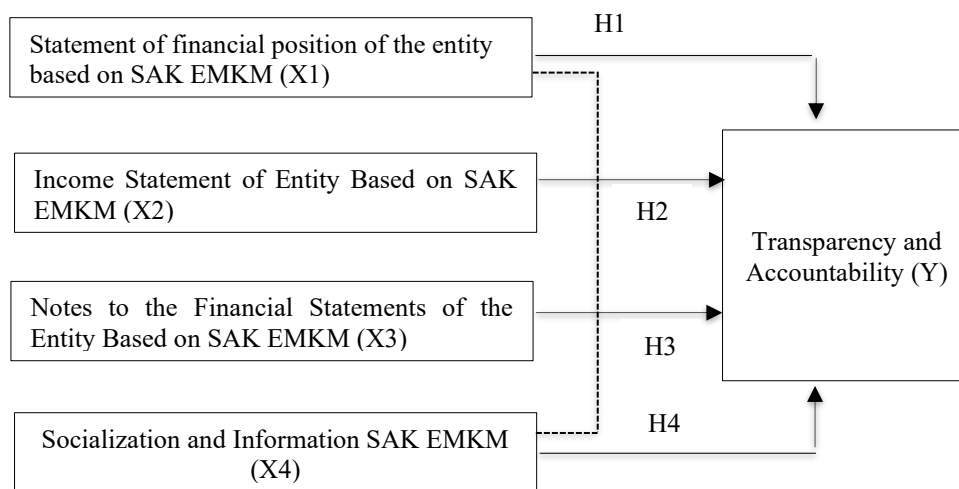


Figure 1. Research Hypotheses
(Source: Researcher's Processing, 2022)

The data collection method for this study was a survey, with a questionnaire distributed using Google Forms to UMKM in Wagir District, Malang Regency. The

questionnaire used a Likert scale of 1-5 and was distributed to 150 UMKM. The analysis tool used in this study was multiple linear regression.

Table 1. Result of Statistic Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
(Constant)	-2.822	1.158			-.199	.842
Statement of the entity's financial position based on SAK EMKM	.93	.16	.071		.893	.373
Entity profit and loss report based on EMKM SAK	-.002	.06	-.001		-.007	.994
Notes to the entity's financial statements based on SAK EMKM	.89	.14	.282		.515	.001
Socialization and Information on EMKM SAK	.76	.16	.068		.855	.394

Sources : Data Processing by author (2022)

RESULT AND DISCUSSION

In this study, the technique used to test the hypothesis is multiple linear regression analysis. This analysis is used to estimate the strength of the relationship between the independent and dependent variables. This analysis will produce an equation, which can be explained in the results below.

DISCUSSION

The Impact of the Financial Position Report of Entities Based on SAK EMKM on the Accountability and Transparency of UMKM Financial Reports

A study by the Indonesian Institute of Accountants (2018) on the application of SAK EMKM in the preparation of financial reporting processes is based on the entity's financial position report which consists of information related to assets, liabilities, and equity of the entity that falls on each uncertain date, and is presented in the financial position report.

The explanation from Ahyaruddin et al (2017), conveys regarding his study on transparency, transparency is the provision of information related to financial reports that is honest and open to the public who have the right to know the contents of the financial reports openly and comprehensively based on the government's accountability to manage human resources (HR) in order to gain trust and compliance with laws and regulations.

Meanwhile, the definition of accountability itself is the existence of control over public organizations at the organizational level that has been designated in the basic reference to become the basis for providing clarity to various parties both internally and

externally regarding interests in conducting evaluations and assessments of actions that have been carried out by the public organization. (Wicaksono, 2015).

The research conducted showed no impact on the accountability and transparency of the entity's financial position report based on the Financial Accounting Standards (SAK EMKM) for UMKM in Wagir District, Malang Regency. This is because UMKM have not fully organized and prepared financial reports, both simple financial reports and entity financial position reports based on the EMKM Financial Accounting Standards (SAK EMKM).

The Impact of Entity Income Statements Based on SAK EMKM Financial Accounting Standards on the Accountability and Transparency of UMKM Financial Statements

A study by the Indonesian Institute of Accountants (2018) on the application of SAK EMKM Financial Accounting Standards in financial reporting states that entity financial performance information consists of information on income and expenses during the reporting period, presented in the income statement.

According to Ahyaruddin et al. (2017), regarding their study on transparency, transparency is the provision of honest and open information related to financial statements to the public, who have the right to fully understand the contents of financial statements based on government accountability for managing human resources (HR) to gain trust and compliance with laws and regulations.

Meanwhile, the definition of accountability itself is the existence of control over public organizations at the organizational level that has been designated as a reference to serve as a basis for providing clarity to various parties, both internally and externally, regarding the interests in evaluating and assessing the actions taken by the public organization (Wicaksono, 2015).

The results of the research indicate that there is no influence of the entity's profit and loss report based on the EMKM SAK on the accountability and transparency of UMKM financial reports of UMKMs in Wagir District, Malang Regency. This is because UMKMs have not fully organized and prepared financial reports, both simple financial reports and entity profit and loss reports based on the SAK EMKM.

The Impact of Notes to Entity Financial Statements Based on SAK EMKM on the Accountability and Transparency of UMKM Financial Statements

A study by the Indonesian Institute of Accountants (2018) on the application of SAK EMKM in preparing financial statements, namely the notes to the financial statements, contains: 1) A statement that the financial statements have been prepared in accordance with SAK EMKM; 2) A summary of accounting policies; and 3) Additional information detailing certain items explaining important and material transactions to benefit users in understanding the financial statements. The type of additional information and details

presented depends on the type of business activity conducted by the entity. The notes to the financial statements are presented systematically to the extent practicable. Each item in the financial statements cross-references to related information in the notes to the financial statements.

According to Ahyaruddin et al. (2017), in their study on transparency, transparency is the provision of honest and open information related to financial statements to the public, who have the right to know the contents of the financial statements openly and comprehensively based on government accountability for managing human resources (HR) to gain trust and compliance with laws and regulations.

Meanwhile, the definition of accountability itself is the existence of control over public organizations at the organizational level that has been designated as a reference to serve as a basis for providing clarity to various parties, both internally and externally, regarding the interests in evaluating and assessing the actions taken by the public organization (Wicaksono, 2015).

The results of the research indicate that there is an influence of the notes on the entity's financial statements based on the EMKM SAK on UMKM actors in Wagir District, Malang Regency, regarding the accountability and transparency of UMKM financial reports.

The Influence of Socialization and Information on SAK EMKM on the Accountability and Transparency of UMKM Financial Reports

Based on information from Kusuma and Lutfiany (2018), they reported that the influence of socialization on UMKM in Bogor City had a positive and significant impact on the implementation of the EMKM Financial Accounting Standards (SAK). Furthermore, Yolanda et al (2024) reported that UMKM views on the implementation of the EMKM Financial Accounting Standards (SAK) aligned with the transparency and accountability standards studied by the researchers were consistent with their expectations.

The results of the study indicate that there was no influence of socialization and information on the EMKM Financial Accounting Standards (SAK) on the accountability and transparency of UMKM financial reports among UMKM in Wagir District, Malang Regency. Therefore, the comparison between the two studies above indicates that UMKM do not fully understand the EMKM Financial Accounting Standards (SAK).

CONCLUSION

Based on the results of this study, the following conclusions were obtained, summarized as follows: SME Financial Accounting Standards (SAK EMKM) do not significantly influence the accountability and transparency of UMKM financial reports (case study in Wagir District, Malang Regency), SME Financial Accounting Standards (SAK EMKM) do not significantly influence the accountability and transparency of UMKM financial reports, entity financial reports based on SAK EMKM significantly influence the accountability and transparency of UMKM financial reports, and

socialization and information on SAK EMKM do not significantly influence the accountability and transparency of UMKM financial reports, and SAK EMKM, entity income statements based on SAK EMKM, notes to entity financial statements based on SAK EMKM, socialization and information on SAK EMKM simultaneously influence the accountability and transparency of UMKM financial reports.

Investors should focus on UMKM that effectively implement the SAK EMKM. If research shows that the implementation of SAK EMKM significantly contributes to the transparency and accountability of UMKM financial reports, you can focus your research on UMKM in Wagir District, Malang Regency, that have effectively implemented SAK EMKM. Further research with the same title is recommended to extend the observation period and include other variables that have not yet been studied.

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