

## THE IMPLEMENTATION OF SAK ETAP ON SMEs IN GIANYAR REGENCY

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### Abstract

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SAK ETAP is an accounting standard for entities without public accountability like SMEs or entities without significant public accountability, where financial statement is not made for public. SAK ETAP is expected to help SMEs to develop their bussiness. But the needs of SAK ETAP is still low, and still considered as a difficult rule for SMEs, because there is still a lot business owner hasn't get enough information about SAK ETAP. This research is intended to find the effect of socialization, level of education, firm size, and bussiness age to SAK ETAP implementation in SMEs. Research population are SMEs that located and listed in Gianyar Departement of Industry and Commerce with total sampel 87 SMEs. Sampling method using purposive sampling and using Slovin Formula to generate minimum sampling number. Research data was tested using logistic regression. This result shows that socialization and education level has a positive effect to SAK ETAP implementation, meanwhile firm size and bussiness age has no effect to SAK ETAP Implementation.

**Keywords** : SAK ETAP, socialization, level of education, firm size, bussiness age

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### 1. Introduction

SAK ETAP is a financial accounting standard intended for business entities that do not have public accountability, such as SMEs. The importance of using SAK ETAP for SMEs is to create flexibility in its implementation, regulate general transactions conducted by SMEs, simpler form of regulation in terms of recognition, measurement, presentation, and disclosure, and relatively unchanged for several years (IAI, 2014). SAK ETAP is expected to provide convenience in presenting the financial statements and smoothness in running the business. SAK ETAP provides convenience for an entity compared to GENERAL SAK with a more complex reporting requirement (Haryadi, 2010).

Knowledge in financial statement implementation is very helpful for SMEs in conducting business activities. However, the limitations that faced by SMEs are the lack of knowledge and understanding of accounting technic, and the assumption that bookkeeping activity is the task of finance department in company which has good management system (Kristanto, 2011). Another limitations include lack of discipline of SMEs owners in recording financial accounting and lack of sufficient funds to hire more competent human resources or to purchase accounting software to facilitate the implementation of accounting bookkeeping (Aufar, 2014).

A good understanding of SAK ETAP is the most important aspect of the prospect of SAK ETAP implementation on SMEs, the understanding of SAK ETAP is very closely related to the process of providing information and socialization. Rudiantoro and Siregar (2011) stated that SMEs entrepreneurs who get a good socialization has a better understanding of SAK ETAP and also will support the implementation process of SAK ETAP in the business where the provision of socialization is an effective way to improve understanding of SMEs related SAK ETAP. Zahro and Wahyundaru (2014) stated that socialization to SMEs owners aims to increase understanding and insight of SME owners related to SAK ETAP, because SAK ETAP can assist the development and smoothness of business, both in the preparation of business financial statements and in decision making for business development.

Tambunan (2009: 101) states that the higher the level of education of a company's workers the higher the competitiveness of the company, so it is necessary for corporate managers to improve the company's progress including carrying out financial bookkeeping and reporting routinely in accordance with the established standards of SAK ETAP. Suhairi (2006) stated that the awareness of SMEs in executing financial accounting practices is still low and has many obstacles and weakness caused by the level of education and inadequate quality of human resources so that financial statements have not presented in accordance with existing guidelines.

Gray (2006) argues that large business sizes have implications to have greater resources and are able to hire better-skilled employees, enabling larger SMEs to have a better understanding of SAK ETAP. Grace (2003) states that the size of a business is a company's ability to manage its business by looking at how many employees are employed and the amount of revenue earned by the company over a certain period. In addition, the level of productivity of the company is depend on the number of workers employed, the more the number of workers showed the higher level of productivity companies, especially for SMEs, so that SMEs with larger sizes are expected to have a better understanding of SAK ETAP.

Kusnia (2013) stated that the length of business is the time required by the company to live and that shows that the company exists and is able to compete in the market so as to maintain its business and achieve the desired goals. Malini (2015) stated that the long effort to provide experience on the presentation of financial statements in accordance with accounting standards which can accommodate employers and assist SMEs in providing better quality financial information, SMEs with good business development generally make financial statements, in the financial statements can be seen whether the company has develop or not.

Based on the previous explanation, the research problem are: Is socialization, education level, company size, and length of business influence on the implementation of SAK ETAP?

## **2. *Material and Method***

This research is conducted in Gianyar Regency at SMEs which is not classified as big business and has license or registered in Department of Cooperatives, SMEs, Industry and Trade of Gianyar Regency. Research sample is determined by using purposive sampling.

The sample in this study is SMEs located and registered in the Department of Cooperatives, SMEs, Industry and Trade of Gianyar Regency. The method used to determine the sample is to use the Slovin formula, which resulted 87 SMEs as a research sample.

The research data is collected by distributing questionnaires. Socialization is an effort undertaken by IAI and other agencies in the socialization process related to SAK ETAP. This variable is measured by summing the value of the answers given for the following questions: a) Does the owner of SMEs have prior knowledge of SAK ETAP, if the answer "Yes" gets 1 point, and if "No" gets 0 points. b) Source of information / socialization obtained related to SAK ETAP. There are 4 choices of answers, namely seminars or training, internet, newsletters or magazines, and more. c) Has ever received any socialization or training on SAK ETAP, if answered "Yes" gets 1 and 0 points for "No". The level of formal education consists of basic education, secondary education, and higher education. This variable is measured by using the level of education owned by SMEs owners. Assessment of this variable using the scale of numbers 1 to 4, which consists of: under SMA / SMK (1), SMA / SMK (2), S1 (3), and S2 (4). The size of a business is the ability of an entity to manage its business by looking at the amount of assets and income held in an accounting period. Assessment of these variables using the scale of numbers 1 to 3, as follows: Micro Enterprises (Max Asset: 50 million) = 1, Small Business (Asset > 50million - 500 million) = 2, Medium Business (Asset > 500 Million - 10 Billion) = 3. Business age is the age of business establishment. This variable is measured through the age of the business that is the year of business establishment, which consists of: Less than 1 year (1), from 1 - 5 years (2), and more than 5 years (3). Implementation in SAK ETAP is measured by the financial statements of the business. Assessment in this variable uses the numbers 1 and 0 because this variable is the dichotomy or dummy variable, where the value is 1 for the entity that implements SAK ETAP and the value of number 0 for the entity that does not implement SAK ETAP.

This research uses logistic regression to test the influence of independent variable to dependent variable. Regression equation in this research are:

$$\ln \left( \frac{P}{1-P} \right) = a + \beta_1 \cdot X_1 + \beta_2 \cdot X_2 + \beta_3 \cdot X_3 + \beta_4 \cdot X_4 + \varepsilon \dots \dots \dots (2)$$

Where :

- P : Impact of SAK ETAP
- A : Constants
- $\beta_1$ - $\beta_4$  : Regression Coefficient
- X1 : Socialization
- X2 : Education Level
- X3 : Business Size
- X4 : Old Business
- E : *error*

### 3. Results and Discussions

#### a) Goodness of Fit

**Table 1**

#### Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	4.949	6	.550

Based on Table 1 it can be seen that the value of Hosmer and Lemeshow test statistics is 0,550 which is greater than 0.05 so it indicate that the model is able to predict the observation value or in other words the model is acceptable.

#### b) Overall Model Fit

**Table 2**

#### Overall Model Fit

-2 Log Likelihood (-2LL) pada awal (BlockNumber = 0)	93,810
-2 Log Likelihood (-2LL) pada akhir (Block Number = 1)	51,023

#### Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step 1 Step	42.787	4	.000
Block	42.787	4	.000
Model	42.787	4	.000

Based on Table 2 the results of the whole model study can be known if the value between -2 Log Likelihood start of 93,810 then the value between -2 Log Likelihood end down to 51,023. This Log Likelihood drop of 42,787 indicates a good regression model or it indicate that the model is hypothesized fit with the data.

c) Nagelkerke R Square

**Table 3**  
**Nagelkerke R Square**

**Model Summary**

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	51.023 <sup>a</sup>	.388	.589

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Based on Table 3 above presents the value of the coefficient of determination (Nagelkerke R Square) is equal to 0,589 which means variability of dependent variable that can be explained by independent variable is 58,9 percent while the 41,1 percent explained by other variables outside research model.

d) Multicollinearity Test

**Table 4**  
**Multicollinearity Test**

**Correlation Matrix**

		Constant	X1	X2	X3	X4
Step 1	Constant	1.000	-.320	-.664	-.097	-.757
	X1	-.320	1.000	.354	-.218	-.055
	X2	-.664	.354	1.000	-.110	.061
	X3	-.097	-.218	-.110	1.000	.094
	X4	-.757	-.055	.061	.094	1.000

Based on Table 4 multicollinearity test results can be seen that the test results show all values of correlation coefficient between variables smaller than 0.8 so it indicate that there are no symptoms of multicollinearity among independent variables.

e) Classification Matrix

**Table 5**  
**Classification Matrix**  
**Classification Table<sup>a</sup>**

Observed			Predicted		Percentage Correct
			Y		
			.00	1.00	
Step 1	Y	.00	60	7	89.6
		1.00	4	16	80.0
Overall Percentage					87.4

a. The cut value is .500

Table 5 above presents the results of the classification matrix test showing that the prediction accuracy of the possibility of MSME implementing SAK ETAP is 87.4 percent. These results show that by using the regression model, there are 16 businesses that are predicted to implement SAK ETAP from a total of 23 businesses (80.0 percent) that implement SAK ETAP on their business. The predictive power of the regression model to predict the possibility of companies implementing accounting standards instead of SAK ETAP of 89.6 percent. This means that with the regression model can be predicted as many as 60 businesses that do not implement SAK ETAP, out of a total of 64 businesses that do not implement SAK ETAP on their business.

f) Logistic Regression

**Table 6**  
**Logistic Regression**  
**Variables in the Equation**

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	X1	2.196	.668	10.804	1	.001	8.993
	X2	3.809	1.207	9.963	1	.002	45.097
	X3	.363	.651	.310	1	.578	1.437
	X4	-1.103	1.503	.539	1	.463	.332
	Constant	-12.562	6.131	4.198	1	.040	.000

a. Variable(s) entered on step 1: X1, X2, X3, X4.

Based on Table 6 above presents the parameter estimation values in variables in the equation, then the logistic regression equation is obtained as follows:

$$\ln\left(\frac{P}{1-P}\right) = -12,562 + 2,196.X_1 + 3,809.X_2 + 0,363.X_3 - 1,103.X_4$$

### 3.1 The Effect of Socialization on the Implementation of SAK ETAP

The result of analysis shows that socialization has positive effect on the implementation of SAK ETAP, this can be seen from the regression coefficient value of

2,196 and the significance of 0.01 which is smaller than 0.05. The more often the owners of SMEs get the socialization related SAK ETAP, then it will increase the number of SMEs that implementing SAK ETAP. According to the owners of SMEs, training provided is the basic technical training in accounting bookkeeping, such as how to store evidence of transactions, such as receipts, invoices and other evidence transactions, as well as the provision of basic bookkeeping techniques such as accounting processes in the accounting cycle to preparing financial statements. The method of providing information or socialization that is expected by the UMKM entrepreneurs related to SAK ETAP is by way of ongoing training by giving module of practice to the entrepreneur. According to the owners of SMEs, it's can be directly practiced on their business.

### **3.2 The Effect of Education Level on Implementation of SAK ETAP**

The result of the analysis shows that the level of education has a positive effect on the implementation of SAK ETAP, this can be seen from the regression coefficient value of 3.809 with a significance level of 0.02 which is smaller than 0.005. it is show that the higher the level of the education of SMEs owners, the more likely the SMEs owner implements SAK ETAP in its financial statements, because the level of education of SMEs owners can influence the understanding of SMEs owners in implementing SAK ETAP. The higher the level of education of MSME owners, the more knowledge and experience possessed by the owners of SMEs.

### **3.3. The Effect of Business Size on ETAP SAK Implementation**

The results of the analysis show that the size of the business does not affect the implementation of SAK ETAP. this can be seen from the value of regression coefficient of 0.363 with a significance of 0.578 greater than 0.005. The size of a business does not guarantee the understanding of SMEs owners regarding SAK ETAP. Its seem that SMEs nowadays has already use the financial statements, although only a simple bookkeeping. This is because the owners of SMEs feel that financial reports based SAK ETAP not too needed for the development of business owned. According to SMEs owners, financial statements based on SAK ETAP are only required when the owner wants to borrow additional capital in commercial banks. Meanwhile, the owners of SMEs can still borrow additional capital in non-bank financial institutions that are growing in Bali, especially LPD, which is rarely ask financial reports based on SAK ETAP as a credit requirement.

### **3.4. The Effect of Business Age on SAK ETAP Implementation**

The result of analysis shows that the length of business does not affect the implementation of SAK ETAP, this can be seen from the value of regression coefficient of -1.103 with significance of 0.463 is greater than 0.005. The length of the business does not have a significant role in the implementation of SAK ETAP in the financial statements of business, because the experience possessed by the owners of SMEs may not necessarily provide more and better understanding of the business growth. The longer or shorten the age of business is not a reference that will make SMEs owners has a better view of the importance of financial bookkeeping or reporting based on SAK ETAP. Understanding of SAK ETAP is more influenced by the willingness of SMEs owners to learn and use it in the company's financial statements. Owners of SMEs argue that in addition to the financial statements, there are still other factors that can be used as one of the requirements for credit application to the banking. This is likely to cause perceptions of SMEs owners who

have a longer and shorter business age has view bookkeeping and financial reporting as not important enough.

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