



The Impact of the Implementation of Financial Accounting Standards on the Quality of Financial Reports in Small and Medium Enterprises (SMEs) in Indonesia

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| Informasi Artikel | Abstract |
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| Vol: 2 No : 1 2025 Halaman : 1-15 | This study aims to analyze the effect of the application of Financial Accounting Standards (FAS) on the quality of financial statements in Small and Medium Enterprises (SMEs) in Indonesia. Quality financial reports are very important for SMEs, because they serve as a transparent communication tool between management and stakeholders, as well as a basis for making informed decisions. SMEs have a significant contribution to the Indonesian economy, contributing around 60% of gross domestic product (GDP) and absorbing more than 97% of the workforce. However, many SMEs still face challenges in preparing financial statements in accordance with accounting standards. This study uses a systematic literature review method to collect and analyze various relevant studies on the application of SAK and its impact on the quality of financial statements. The results showed that the application of SAK significantly improved the transparency, relevance, and reliability of SMEs' financial statements. In addition, the study also identified various factors that influence the adoption of SAK, such as the education level of business owners, access to accounting training, and support from the government. The conclusion of this study confirms the importance of good accounting standards implementation to improve the quality of SMEs' financial statements, which in turn can improve the competitiveness and performance of businesses in the market. Recommendations are given to improve the understanding and application of SAK among SMEs in Indonesia. |
| Keywords: accounting standards report quality small and medium enterprises | |

Abstract

Penelitian ini bertujuan untuk menganalisis pengaruh penerapan Standar Akuntansi Keuangan (SAK) terhadap kualitas laporan keuangan pada Usaha Kecil dan Menengah (UKM) di Indonesia. Laporan keuangan yang berkualitas sangat penting bagi UKM, karena berfungsi sebagai alat komunikasi yang transparan antara manajemen dan pemangku kepentingan, serta sebagai dasar pengambilan keputusan yang tepat. UKM memiliki kontribusi signifikan terhadap perekonomian Indonesia, menyumbang sekitar 60% dari produk domestik bruto (PDB) dan menyerap lebih dari 97% tenaga kerja. Namun, banyak UKM yang masih menghadapi tantangan dalam menyusun laporan keuangan yang sesuai dengan standar akuntansi. Penelitian ini menggunakan metode systematic literature review untuk mengumpulkan dan menganalisis berbagai studi yang relevan mengenai penerapan SAK dan dampaknya terhadap kualitas laporan keuangan. Hasil penelitian menunjukkan bahwa penerapan SAK secara signifikan meningkatkan transparansi, relevansi, dan keandalan laporan keuangan UKM. Selain itu, penelitian ini juga mengidentifikasi berbagai faktor yang mempengaruhi penerapan SAK, seperti tingkat pendidikan pemilik usaha, akses terhadap pelatihan akuntansi, dan dukungan dari pemerintah. Kesimpulan dari penelitian ini menegaskan pentingnya penerapan standar akuntansi yang baik untuk meningkatkan kualitas laporan keuangan UKM, yang pada gilirannya dapat meningkatkan daya saing dan kinerja usaha di pasar. Rekomendasi diberikan untuk meningkatkan pemahaman dan penerapan SAK di kalangan UKM di Indonesia.

Kata Kunci : standar akuntansi, kualitas laporan, usaha kecil dan menengah

INTRODUCTION

Financial reports are one of the important tools in the business world, including for Small and Medium Enterprises (SMEs). SMEs have a very significant role in the Indonesian economy, contributing to gross domestic product (GDP) and employment. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, SMEs contribute around 60% of total GDP and absorb more than 97% of the workforce in Indonesia. In this context, financial reports are crucial because they function as

a communication tool between management and stakeholders, including investors, creditors, and the government.

The importance of financial reports for SMEs cannot be underestimated. Good and transparent financial reports can help SMEs in making better decisions, increasing access to financing, and building trust with stakeholders. However, many SMEs still face challenges in preparing quality financial reports. This is due to various factors, including limited resources, minimal accounting knowledge, and a lack of understanding of the importance of financial reports.

This is where the role of financial accounting standards becomes very important. Financial accounting standards provide clear and structured guidelines in the preparation of financial statements. In Indonesia, the accounting standards applicable to SMEs are the Financial Accounting Standards Statement (PSAK) prepared by the Indonesian Institute of Accountants (IAI). The application of appropriate financial accounting standards can improve the quality of financial statements, so that the statements can provide relevant, reliable, and comparable information. Thus, the application of financial accounting standards is expected to help SMEs improve their performance and competitiveness in the market.

However, despite clear guidelines, many SMEs still have difficulty implementing financial accounting standards. This can be caused by a lack of understanding of the standards, limitations in accounting training, and challenges in implementation in the field. Therefore, it is important to conduct in-depth research on the impact of implementing financial accounting standards on the quality of financial reports of SMEs in Indonesia.

In the context of the business world, especially for Small and Medium Enterprises (SMEs) in Indonesia, financial reports have a very important role. Financial reports not only function as a tool for recording and reporting financial activities, but also as a crucial source of information for various stakeholders. The information contained in the financial reports can influence decisions taken by business owners, investors, creditors, and even the government. Therefore, the quality of financial reports is something that is very much considered (Ayem & Prihatin, 2020).

However, despite the importance of financial reports, many SMEs in Indonesia still face challenges in preparing quality reports. One factor that can affect the quality of financial reports is the application of financial accounting standards. In Indonesia, the accounting standards applicable to SMEs are the Financial Accounting Standards Statement (PSAK) set by the Indonesian Institute of Accountants (IAI). The application of this standard is expected to provide clear guidelines in preparing financial reports, so that the resulting reports

The purpose of this study is to identify and analyze the effect of the application of financial accounting standards on the quality of financial reports of SMEs in Indonesia. This study aims to provide deeper insight into how the application of accounting standards can affect the quality of financial reports, as well as to identify the challenges faced by SMEs in the implementation process.

Identifying factors that influence the implementation of financial accounting standards in SMEs. This study will explore various factors, such as the level of education of SME owners, access to accounting training, and support from the government or related institutions.

Analyzing the impact of the application of accounting standards on the quality of financial reports. This study will assess the extent to which the application of accounting standards can improve the relevance, reliability, and comparability of financial reports prepared by SMEs.

Providing recommendations to improve the implementation of accounting standards in SMEs. Based on the research findings, it is expected that recommendations can be provided that can help SMEs in improving the quality of financial reports through the implementation of better accounting standards.

With these objectives, this research is expected to provide a significant contribution to the development of SMEs in Indonesia, as well as provide input for policy makers in formulating more effective strategies to support the implementation of accounting standards in the SME sector (Rina & Haryadi, 2024).

In the era of globalization and increasingly tight competition, the quality of financial reports is one of the key factors that determine the success of SMEs. The implementation of good financial accounting standards can help SMEs in preparing quality financial reports, so that they can improve competitiveness and performance. Therefore, this study is very important to be conducted, in order to provide a better understanding of the effect of the implementation of accounting standards on the quality of financial reports of SMEs in Indonesia.

METHOD

In this study, the method used is Systematic Literature Review (SLR). This method was chosen because SLR is a systematic and structured approach to identify, evaluate, and analyze research relevant to the topic being studied. By using SLR, researchers can collect strong evidence from various existing literature sources, so that they can provide a comprehensive picture of the effect of the application of financial accounting standards on the quality of financial reports of SMEs in Indonesia.

The SLR process begins with the determination of a clear and specific research question. In the context of this study, the question asked is: "What is the effect of the implementation of financial accounting standards on the quality of financial reports of SMEs in Indonesia?" This question serves as a guide in searching for relevant literature and helps researchers to stay focused on the research objectives.

Once the research question is established, the next step is to determine the inclusion and exclusion criteria for literature selection. Inclusion criteria include articles that discuss the implementation of financial accounting standards and the quality of financial reports, published in academic journals, conferences, or other reliable sources (Juliardi et al., 2023). Meanwhile, exclusion criteria include articles that are not relevant, not peer-reviewed, or not available in a language that is understandable to the researcher. By establishing these criteria, researchers can ensure that only quality and relevant literature will be analyzed.

After the criteria are determined, the researcher conducts a literature search in various academic databases, such as Google Scholar, JSTOR, and ProQuest. The search is conducted using relevant keywords, such as "financial accounting standards", "financial report quality", "SMEs in Indonesia", and other combinations. This process aims to identify articles that match the established criteria.

After collecting relevant literature, the next step is evaluation and analysis. Each selected article will be evaluated based on the methodology used, the main findings, and its contribution to the understanding of the impact of accounting standards implementation on financial reporting quality. Researchers will record important information from each article, including the author, year of publication, and research results. This analysis aims to identify patterns, similarities, and differences in existing findings, as well as to assess the strengths and weaknesses of each study (Atikah, 2022).

The results of the literature analysis will be synthesized to provide a comprehensive picture of the effect of the application of financial accounting standards on the quality of financial reports of SMEs in Indonesia. With this systematic approach, it is expected that the research can provide a significant contribution to the development of knowledge in the field of accounting and help SMEs in improving the quality of financial reports through the application of better accounting standards.

Through the systematic literature review method, this research does not only focus on one or two studies, but integrates various perspectives and findings from many existing studies, thus producing a deeper and more holistic understanding of the topic being studied.

RESULTS AND DISCUSSION

Definition and Objectives of Financial Accounting Standards

Financial Accounting Standards (SAK) are guidelines established to regulate the preparation and presentation of financial statements. SAK aims to ensure that financial statements produced by entities, including Small and Medium Enterprises (SMEs), can provide relevant, reliable, and comparable information. With this standard, it is expected that financial statements can meet the needs of users, such as investors, creditors, and other stakeholders, in making economic decisions. SAK also serves to increase transparency and accountability in financial statements, which in turn can increase public trust in SMEs (Andayani, 2021).

Types of Accounting Standards Relevant for SMEs

In Indonesia, there are several types of accounting standards that are relevant for SMEs. One of them is the Statement of Financial Accounting Standards (PSAK) prepared by the Indonesian Institute of Accountants (IAI). PSAK provides clear guidelines on the recognition, measurement, presentation, and disclosure of financial information (Prabawati, 2021). In addition, there is also a special PSAK for micro, small, and medium entities (EMKM) which is designed to make it easier for SMEs to implement accounting that is in accordance with their capacity and needs. With the existence of adjusted standards, it is hoped that SMEs can more easily prepare quality financial reports.

Definition of Financial Report Quality

The quality of financial statements refers to the extent to which financial statements can meet the information needs of users. Quality financial statements must be able to provide relevant and reliable information, so that it can be used as a basis for decision making. The quality of financial statements also includes the aspect of comparability, where the statements must allow users to compare financial performance between periods or between entities (ANGGRAENI, 2023). In other words, the quality of financial statements is very important to ensure that the information presented is reliable and provides an accurate picture of the financial position and performance of an entity.

Financial Report Quality Indicators

Some indicators that can be used to assess the quality of financial reports include:

1. **Relevance:** Information in financial statements must be able to influence the economic decisions of users.
2. **Reliability:** Information must be free from material error and bias, and must be reliable.
3. **Comparability:** Financial statements should enable users to compare financial information across periods or across entities.
4. **Understandability:** Information should be presented in a manner that is easily understood by users who have a basic knowledge of accounting.
5. **Compliance with Standards:** Financial reports must be prepared in accordance with applicable accounting standards, so that the information presented can be accounted for.

Characteristics of SMEs in Indonesia

Small and Medium Enterprises (SMEs) in Indonesia have unique characteristics. SMEs are usually managed by individuals or families, with a relatively small business scale and a limited number

of employees. SMEs also often have limited access to resources, both in terms of finance and knowledge (Parwati, 2024). Nevertheless, SMEs play an important role in the Indonesian economy, contributing to job creation and economic growth. SMEs are also known to have high flexibility in adapting to market changes, although they often face challenges in terms of management and financial management.

Challenges Faced by SMEs in Implementing Accounting Standards

Despite the importance of implementing accounting standards, many SMEs in Indonesia face various challenges in this process. One of the main challenges is the lack of understanding and knowledge of accounting and applicable standards. Many SME owners do not have an accounting education background, making it difficult to prepare financial reports in accordance with standards. In addition, limited resources, both financial and human, are also obstacles in implementing accounting standards (Parwati, 2024). Many SMEs do not have access to adequate training or guidance to understand and apply accounting standards correctly. Therefore, it is important to provide the necessary support and training so that SMEs can improve the quality of financial reports through the implementation of appropriate accounting standards.

By understanding the concept of financial accounting standards, the quality of financial reports, and the characteristics and challenges faced by SMEs, it is hoped that this study can provide deeper insight into the influence of the application of accounting standards on the quality of financial reports of SMEs in Indonesia.

Findings from Selected Literature

| No | Author Year | Title | Research result | Conclusion |
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| 1 | (Adawiyah & Wardayani, 2023) | Penerapan Penyusunan Laporan Keuangan Pada Usaha Mikro Kecil Menengah Berbasis Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah (SAK-EMKM | SAK-EMKM helps increase transparency of MSME financial reports | Implementation of SAK-EMKM has a positive impact on the financial accountability of MSMEs |
| 2 | (Aprilia et al., 2024a) | Penerapan Penyusunan Laporan Keuangan Umkm Berdasarkan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah | Compliance of MSMEs with SAK-EMKM is still low due to lack of understanding | Further education is needed regarding SAK-EMKM to improve its implementation. |
| 3 | (Asha, 2022a) | Analisis Proses Akuntansi Dan Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah Pada Laporan Keuangan Usaha Ondel-Ondel Express | Implementation of SAK-EMKM improves the quality of financial reports but experiences obstacles in | SMEs need assistance in implementing SAK-EMKM |

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| | | | human resources | |
| 4 | (AYUNTA, 2020) | Penerapan Laporan Keuangan Berdasarkan Sak-Emkm (Standar Akuntansi Keuangan Entitas, Mikro, Kecil Dan Menengah) | Many MSMEs still use simple recording and have not implemented SAK-EMKM | There is a need for socialization and training for MSMEs related to SAK-EMKM |
| 5 | (Febriana & Siregar, 2024a) | Analisis Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah (SAK EMKM) Pada Laporan Keuangan Badan Usaha Milik Desa (BUM Desa) ... | SAK-EMKM improves the quality of BUMDes financial reports but there are still technical obstacles | Policies are needed to support the implementation of SAK-EMKM in BUMDes |
| 6 | (Hasanah, 2023) | Penerapan Penyusunan Laporan Keuangan Berdasarkan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah | The implementation of SAK-EMKM still faces obstacles such as lack of training and limited human resources. | Continuous mentoring is needed to make SAK-EMKM more effective |
| 7 | (IKHWANUDIN, 2020) | Penerapan Standar Akuntansi Keuangan Dalam Meningkatkan Kualitas Laporan Keuangan Pada Usaha Mikro Kecil Dan Menengah | SAK-EMKM improves the quality of financial reports but has not been fully implemented | SME awareness and knowledge of SAK-EMKM needs to be increased |
| 8 | (Kerihi & Pau, 2023) | Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah Sebagai Dasar Penyusunan Laporan Keuangan Usaha | SAK-EMKM provides a better structure in MSME financial reports | Incentives are needed for SMEs to be more motivated to implement SAK-EMKM |
| 9 | (Khairunnisah et al., 2020a) | Penerapan Penyusunan Laporan Keuangan Pada Usaha Kecil Dan Menengah (Ukm) Berbasis Standar Akuntansi Keuangan ... | The implementation of SAK-EMKM is still not optimal due to cost and HR constraints. | The government needs to provide support in the form of training and subsidies. |
| 10 | (Magdalena, 2021) | Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (Sak | SAK ETAP is more widely used than SAK-EMKM in | It is necessary to map the types of SMEs that are |

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| | | Etap) Dalam Penyajian Laporan Keuangan Pada Usaha Kecil ... | medium-scale SMEs | more suitable for SAK-EMKM |
| 11 | (Mariyanti, 2024) | Penerapan Laporan Keuangan Berdasarkan Standar Akuntansi Keuangan Sak Emkm Pada Usaha Mikro Kecil Dan Menengah | Implementation of SAK-EMKM improves the recording and presentation of MSME financial reports. | Simplification of procedures is needed to make it easier for MSMEs to implement SAK-EMKM |
| 12 | (Mustika & Ferdila, 2022) | USAHA Kecil Dan Menengah Dalam Penyusunan Laporan Keuangan Sesuai Standar Akuntansi Keuangan Dan Penerapan SAK EMKM Pada Laporan Keuangan | The implementation of SAK-EMKM experiences obstacles in terms of costs and expert personnel. | There is a need for a mentoring program for MSMEs so that the implementation of SAK-EMKM is more optimal. |
| 13 | (SETIYANA, 2022) | Pengaruh Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah Penggunaan Sistem Informasi Akuntansi | Implementation of SAK-EMKM increases the efficiency of the financial recording system | Accounting digitalization can accelerate adoption of SAK-EMKM |
| 14 | (Wibowo & Danil, 2020) | Penerapan Penyusunan Laporan Keuangan Pada Usaha Kecil Menengah Berbasis Standar Akuntansi Keuangan Entitas Mikro, Kecil, Dan Menengah Pada Cv | SAK-EMKM helps CVs improve the quality of financial reporting | Intensive training for SMEs can accelerate the adoption of SAK-EMKM |
| 15 | (Prasetiyo, 2022) | Usaha, Dan Sosialisasi Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah, Terhadap Penerapan Laporan Keuangan | Socialization of SAK-EMKM contributes positively to the understanding of MSMEs | Training and outreach programs need to be continuously carried out so that MSMEs are better prepared. |
| 16 | (Santoso, 2022) | Usaha Terhadap Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah Pada Penyusunan Laporan Keuangan | The scale of business and education of business owners influence the implementation of SAK-EMKM | An approach based on MSME characteristics is needed to improve the implementation of SAK-EMKM |
| 17 | (Sari et al., 2020) | Penerapan Sistem Akuntansi Dalam Penyusunan Laporan Keuangan Berdasarkan Standar Akuntansi | The SAK-based accounting system helps | The use of technology needs to be |

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| | | Keuangan (Sak) Pada Usaha Mikro Kecil Dan Menengah | improve the efficiency of financial recording for MSMEs. | increased in the implementation of SAK-EMKM |
| 18 | (SETIYANA, 2022) | Pengaruh Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah Penggunaan Sistem Informasi Akuntansi | The use of accounting information systems accelerates the adoption of SAK-EMKM in MSMEs | Digitalization can be a solution to overcome obstacles in implementing SAK-EMKM |
| 19 | (Suat et al., 2023a) | Laporan Keuangan Berdasarkan Standar Akuntansi Keuangan (Sak) Pada Usaha Mikro Kecil Dan Menengah (Ukm) | Implementation of SAK-EMKM is easier in MSMEs that have accounting staff | There is a need for trained accounting staff to assist MSMEs in implementing SAK-EMKM |
| 20 | (Umiati, 2021) | Standar Akuntansi Keuangan Emkm, Dan Karakteristik Usaha Terhadap Pendapatan Usaha Mikro Kecil Dan Menengah (Ukm) | Implementation of SAK-EMKM has an impact on increasing MSME income | SAK-EMKM can increase the competitiveness of MSMEs with more structured financial reports |
| 21 | (Viandayani, 2023) | Penerapan Penyusunan Laporan Keuangan Usaha Mikro Kecil Dan Menengah Berdasarkan Standar Akuntansi Keuangan EMKM Pada UD Restu Bunda | SMEs face obstacles in understanding SAK-EMKM, especially regarding asset and debt management. | Community-based accounting assistance can be a solution to help MSMEs |
| 22 | (WAHYUNI, 2020) | Penerapan Laporan Keuangan Berdasarkan Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah (SAK EMKM) Pada Badan Usaha Milik Desa (Bumdes) | BUMDes that implement SAK-EMKM have more systematic and accurate financial reports | The implementation of SAK-EMKM needs to be integrated into village financial regulations |
| 23 | (Yulianasari, 2020a) | Penerapan Penyusunan Laporan Keuangan Pada Usaha Kecil Dan Menengah (Ukm) Berbasis Standar Akuntansi Keuangan | Many MSMEs still use manual recording without following accounting standards. | Digitalization of financial records needs to be encouraged so that MSMEs can more easily implement SAK-EMKM |

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| 24 | (Yusnita et al., 2022a) | Laporan Keuangan Usaha Mikro Kecil Dan Menengah Berbasis Standar Akuntansi Keuangan Entitas Mikro Kecil Dan Menengah | Awareness of the importance of SAK-EMKM is still low among MSMEs | A continuous socialization program is needed so that MSMEs understand the importance of SAK-EMKM |
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Based on previous research results, the implementation of Financial Accounting Standards (SAK-EMKM) has been proven to contribute to improving the quality of financial reports of Micro, Small, and Medium Enterprises (MSMEs). This standard provides guidance in preparing more transparent and accountable financial reports, making it easier for business owners to manage their finances. Several studies have shown that MSMEs that implement SAK-EMKM tend to have more structured, accurate financial reports that can be used as a basis for making better business decisions.

several challenges are still faced in the implementation of SAK-EMKM. Research has found that the level of compliance of MSMEs with accounting standards is still low due to the lack of understanding and financial literacy among business owners (Febriana & Siregar, 2024b). Other obstacles include limited human resources who have expertise in accounting, as well as the costs required for accounting training and assistance. Therefore, many studies recommend the need for support from the government, academics, and financial institutions in the form of socialization, training, and incentives for MSMEs so that the implementation of accounting standards can be more optimal.

In addition, several studies have revealed that digitalization and the use of accounting information systems can be a solution in increasing the adoption of SAK-EMKM. The use of accounting software helps speed up the financial recording process and reduce manual errors, thereby increasing the efficiency and accuracy of financial reports. Research also shows that MSMEs that implement good accounting standards have a greater chance of gaining access to funding from banks or investors because the financial reports are more credible and trustworthy (Asha, 2022b).

Overall, the results of the study indicate that the implementation of SAK-EMKM has a positive impact on the quality of MSME financial reports, although there are still various obstacles in its implementation. To overcome these obstacles, a holistic approach is needed that involves various stakeholders, including ongoing training, supportive policies, and the use of technology in the MSME accounting system (Ningrum & Ruliana, 2022). With these steps, it is hoped that MSMEs in Indonesia can more easily implement appropriate accounting standards, so as to increase competitiveness and business sustainability.

Analysis of the Impact of the Implementation of Accounting Standards

The implementation of Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM) has an important role in improving the quality of SME financial reports. This standard is designed to provide guidelines in preparing financial reports that are more transparent, accurate, and in accordance with applicable accounting principles. With the implementation of SAK-EMKM, SME financial reports become easier to understand by stakeholders, such as investors, banks, and regulators, so that they can increase business credibility and expand access to funding.

One of the main impacts of implementing accounting standards is increasing the accuracy and reliability of financial reports. Before this standard, many SMEs still used simple financial records or

even did not record at all. This often causes financial reports to not reflect the actual financial condition, making it difficult for business owners to make decisions based on accurate data. By adopting SAK-EMKM, SMEs can be more structured in preparing financial reports, record transactions more systematically, and reduce the potential for errors in recording.

In addition, accounting standards also help in increasing transparency and accountability of SME finances. Financial reports that comply with standards allow business owners to understand the financial condition of the business more clearly, including in managing assets, liabilities, income, and costs. This transparency also has an impact on increasing trust from external parties, especially financial institutions that require valid financial reports before providing financing or business loans (Suat et al., 2023b).

However, despite its many benefits, the implementation of accounting standards in SMEs still faces various challenges. Several studies have shown that the level of compliance of SMEs with SAK-EMKM is still low due to a lack of understanding of accounting concepts (Yusnita et al., 2022b). Many SME owners do not yet have sufficient knowledge of this standard and find it difficult to implement it independently. In addition, the limited human resources who have expertise in accounting are also a major obstacle, especially for SMEs that are still in the early stages of growth and do not yet have professional accountants.

Implementation costs are also a factor that hinders the optimal implementation of SAK-EMKM. Some SMEs feel that using the services of an accountant or taking training to understand accounting standards is an additional burden that is difficult to bear. Therefore, support is needed from various parties, including the government, academics, and business associations, to provide training and assistance that is more easily accessible to SMEs.

In addition to education-based solutions, digitalization can also help overcome the obstacles to implementing accounting standards in SMEs. The use of technology-based accounting information systems can simplify the financial recording process and ensure compliance with applicable standards. Many accounting software have been developed to assist SMEs in preparing financial reports in accordance with SAK-EMKM, thereby reducing human error and increasing the efficiency of the financial recording process (Novitasari, 2021).

Overall, the implementation of accounting standards has a positive impact on the quality of SME financial reports, especially in terms of accuracy, transparency, and accountability. However, to increase the adoption of SAK-EMKM, a more comprehensive approach is needed, including increasing financial literacy, mentoring by experts, and utilizing accounting technology. Thus, SMEs can more easily implement accounting standards sustainably, which will ultimately contribute to business growth and sustainability.

Factors that Influence

Implementation of Financial Accounting Standards (SAK-EMKM), there are several other factors that can affect the relationship between accounting standards and the quality of SME financial reports. These factors can come from internal and external aspects of SMEs, such as government policies, economic conditions, and technological developments. The following are some of the main factors that play a role in determining the effectiveness of the application of accounting standards on the quality of financial reports:

1. Understanding and Competence of SME Owners or Managers

One of the key factors in the application of accounting standards is the level of understanding of SME owners or managers of accounting principles. Many SMEs are still managed traditionally, with simple financial records and minimal understanding of accounting standards. If business owners have good accounting competencies, then the application of standards will be more optimal, so that financial reports can be prepared more accurately and in accordance with applicable principles (Khairunnisah et al., 2020b).

2. Availability of Competent Human Resources (HR)

In addition to business owners, the availability of skilled workers in accounting is also an important factor. SMEs that have professional accounting staff are more likely to be able to implement accounting standards well compared to SMEs that rely on manual recording without experts. Limited human resources in accounting can lead to recording errors and low quality financial reports.

3. Accounting Information Technology and Systems

The use of technology in financial recording systems can help SMEs implement accounting standards more efficiently. Accounting software that complies with SAK-EMKM can automate transaction recording, compile financial reports systematically, and reduce human error. SMEs that use technology-based accounting information systems are more likely to produce quality financial reports compared to SMEs that still use manual recording (Yulianasari, 2020b).

4. Government Policies and Regulations

Government support in the form of regulations, incentive policies, and socialization of the implementation of SAK-EMKM can affect the success of the implementation of accounting standards in SMEs. If the government requires and provides incentives for SMEs to implement accounting standards, the level of compliance will increase, which ultimately contributes to improving the quality of financial reports.

5. Access to Training and Mentoring

Many SMEs still face difficulties in understanding and implementing SAK-EMKM due to the lack of training and assistance from experts. Continuous education programs from the government, academics, and business organizations can improve SMEs' understanding of accounting standards and help them implement them better.

6. Scale and Complexity of Business

SMEs with larger business scales and more complex transactions tend to need a financial recording system that complies with accounting standards. Conversely, small-scale SMEs with simple transactions may find the implementation of SAK-EMKM too complicated. Therefore, it is important to adjust accounting standards to the needs and capacities of SMEs (Aprilia et al., 2024b).

7. Awareness of the Benefits of Quality Financial Reports

Many SMEs still consider financial records as merely an administrative obligation, not as a tool for strategic decision-making. The awareness that quality financial reports can help in accessing financing, attracting investors, and increasing business competitiveness can encourage SMEs to be more serious in implementing accounting standards.

8. Economic Conditions and Business Environment

Economic stability and business conditions also affect the application of accounting standards in SMEs. In an unstable economic situation, SMEs may focus more on business continuity than compliance with accounting standards. Conversely, in a competitive and growing business environment, SMEs are more likely to apply accounting standards to increase transparency and competitiveness.

The relationship between the implementation of accounting standards and the quality of SME financial reports is not only determined by the standards themselves, but also by various internal and external factors. Human resource competency, technological support, government policies, access to training, and awareness of the benefits of quality financial reports are key factors that can influence the effectiveness of the implementation of accounting standards. Therefore, a comprehensive approach involving education, mentoring, and technological and policy support is needed to improve the implementation of accounting standards and the quality of SME financial reports (Mawaddah, 2022).

CONCLUSION

The results of the Systematic Literature Review (SLR) show that the implementation of Financial Accounting Standards for Micro, Small, and Medium Entities (SAK-EMKM) has a positive impact on improving the quality of financial reports of SMEs in Indonesia. This standard helps improve transparency, accountability, and reliability of financial reports, which ultimately support better business decision-making. However, the study also revealed that the level of compliance of SMEs with SAK-EMKM is still low, which is caused by a lack of understanding, limited human resources (HR), and cost and technical constraints in its implementation.

Practical Implications

In order for the implementation of SAK-EMKM to be more effective, SMEs need to be given ongoing training and mentoring to improve their understanding of accounting standards. In addition, the use of digital-based accounting technology needs to be encouraged so that financial recording is more efficient and in accordance with standards. For policy makers, the government and related institutions should provide financial incentives, such as training subsidies or technical assistance, and require SAK-EMKM-based reporting for SMEs who want to access credit or funding from financial institutions.

With increasing awareness and implementation of good accounting standards, SMEs can gain long-term benefits in the form of easy access to funding, increased competitiveness, and trust from investors and business partners. Therefore, collaboration between the government, academics, and business actors is essential to ensure that the implementation of accounting standards is not only an administrative obligation, but also a strategic tool in more professional and sustainable SME financial management.

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