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## **ANALYSIS OF THE READINESS OF MSMEs ACTORS IN THE IMPLEMENTATION OF SAK EMKM IN PURWOKERTO**

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### **Abstract**

This study aims to analyze the influence of attitude, subjective norms, perceived behavioral control, and awareness on the intentions of MSMEs actors in the readiness of MSMEs actors in the implementation of SAK EMKM. The population in this study was all MSMEs in Purwokerto. This study used Theory of Planned Behavior with the addition of one variable, namely awareness. The research data was obtained directly from respondents through a questionnaire with disproportionate stratified random sampling technique and quantitative approaches of Partial Least Square (PLS). The results of this research indicate that the attitude and perceived behavioral control significantly influence the intention of MSMEs actors in the implementation of SAK EMKM. Subjective norms and awareness did not significantly influence the intention of MSMEs actors in the implementation of SAK EMKM. Intention significantly influence on the readiness of MSMEs actors in the implementation of SAK EMKM.

**Keywords:** SAK EMKM, Attitude, Subjective Norms, Perceived Behavioral Control, Intention, Awareness

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### **INTRODUCTION**

Micro, Small and Medium Enterprises commonly abbreviated as MSMEs are businesses operated by individuals or business entities which in turn are very helpful in the availability of employment in Indonesia, because based on the data from the Ministry of Cooperatives and SMEs almost 97% of the workforce in Indonesia is a workforce in the MSMEs sector. MSMEs are believed to have high economic resilience, so they can support financial system stability and economic stability (bi.go.id, 2017). MSMEs are generally based on local economic resources and are not dependent on imports, and the business results from MSMEs can be exported.

Rudiantoro and Siregar (2012) states that MSMEs were also the savior of the economic crisis that occurred in Indonesia in 1997-1998 and the global

economic crisis in 2008, because when many large companies went bankrupt and layoffs, MSMEs were able to absorb the unemployed to work again. Even, based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs in Indonesia continues to increase after the 2008 crisis, above 2 % each year.

Tuti and Dwijayanti (2014) stated that to be able to expand their business, MSMEs need substantial funding. However, in reality most MSMEs only use personal capital in running their business, and also there is no separation between personal money and company money. The majority of MSMEs are unable to provide accounting information related to their business conditions (Kristanto, 2011). The causes of MSMEs do not provide or prepare financial statements in their business is because the lack of human resources who have the ability to prepare financial statements, further MSMEs are too focused on the production process and operations, so they do not pay attention to recording or bookkeeping (Putra and Kurniawati, 2012).

Answering the needs of MSMEs on simpler financial reporting standards, the Financial Accounting Standards Board (DSAK) as the accounting standards maker in Indonesia makes Financial Accounting Standards for Entities without Public Accountability (SAK ETAP). This SAK ETAP was ratified in May 2009 and was effective as of January 1, 2011 (Herwiyanti *et al.*, 2017). However, in reality, SAK ETAP which is expected to be able to help MSMEs businesses to be more systematic has not been used by most MSMEs in Indonesia (Faturokhman *et al.*, 2015).

Responding to the low use of SAK ETAP in Indonesia, the Financial Accounting Standards Board (DSAK) has ratified the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) which are effective starting January 1, 2018. SAK EMKM is a financial accounting standard that is much simpler when compared to SAK ETAP. For example, from a technical perspective, SAK EMKM purely uses the basis of historical cost measurement so that MSMEs are sufficient to record their assets and liabilities at their cost. In the development and preparation of this SAK EMKM there are several references, for example FRS 105 on The Financial Reporting Standard applicable to the Micro-entities Regime that is issued by independent UK and Irish regulators, the Financial Reporting Council. (Herwiyanti *et.al.*, 2017).

Banyumas Regency is one of the regencies located in Central Java Province which consists of 27 sub-districts and 331 villages. At the end of 2015, the

Banyumas Regent, Ir. H. Achmad Husein received an award from the Minister of Cooperatives and SMEs for his commitment in advancing Micro, Small and Medium Enterprises (MSMEs) in Banyumas Regency. The commitment was realized by accelerating the granting of Micro Small Business Permits / *Izin Usaha Mikro Kecil* (IUMK), One Sub-district One Product policy, revolving capital assistance, and Memorandum of Understanding (MoU) with various parties such as the Agency for the Assessment of Policy, Climate and Industrial Quality (Humas Setda Kabupaten Banyums, 2015). Based on data from the Office of Cooperatives, Small and Medium Enterprises of Central Java province, in 2017 the highest distribution of KUR in Central Java is also in Banyumas Regency with 25,377 debtors. Purwokerto is the economic and administrative center of the Banyumas regency. Most of the medium-sized enterprises in Banyumas Regency are located in Purwokerto, but micro and small enterprises are evenly distributed throughout the Banyumas Regency (BPS, 2017).

In this research, the author will analyze the readiness of MSMEs actors in implementing of SAK EMKM in Purwokerto. In an effort to analyze the readiness of MSMEs actors in terms of the implementation of SAK EMKM, this research uses the Theory of Planned Behavior by Ajzen with some modifications. Ajzen (1991) explained that the model of Theory of Planned Behavior is very open to add other predictor variables to predict behavior about the object under research. In this research, the author wants to add one more variable, namely awareness that is expected to explain the prediction of the readiness of MSMEs in implementing SAK EMKM for the better. Based on Nurcahyo and Hudrasyah (2017) awareness plays an important role in determining the intention to choose.

In the research conducted by Alvin (2014) in the field of taxation, it was found that (1) Attitude of tax staff has a positive effect on corporate taxpayer tax compliance significantly, (2) Subjective norms have a positive effect on corporate taxpayer tax compliance significantly, and (3) Perceived behavioral control has a positive effect on corporate taxpayer tax compliance significantly. Suryani (2017) also found that attitude has positive and significant effect on Taxpayer Compliance of Private Person, Subjective Norms have positive and significant effect on Taxpayer Compliance of Private Person, while Perceived Behavior Control do not have positive effect on Taxpayer Compliance of Private Person.

Based on the description of the above phenomenon and some previous research, it is important to know what factors that influence the readiness of

MSMEs actors in implementing SAK EMKM because there is lack of research concerning this problem, and to find out the prospect of implementing SAK EMKM whether the establishment of SAK EMKM can truly achieve its objectives, which are used by entities that do not or have not been able to meet the accounting requirements set out in SAK ETAP.

## **LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT**

### **Theoretical Basis**

#### **Theory of Planned Behavior**

Theory of planned behavior (TPB) is a form of refinement of the previous theory, namely the Theory of Reasoned Action (TRA). This theory was developed by Ajzen. Theory of planned behavior explains about the behavior that an individual does because the intention of the individual to act and the intention of the individual is caused by several internal and external factors. There are three independent determinants of intention, namely attitude toward the behavior, subjective norms, and perceived behavioral control. The purpose of TPB is to predict behavioral and behavioral intentions, assuming not all individual behavior is under full individual control.

Theory of Planned Behavior (TPB) can be used to explain each important aspect of some human behavior. TPB can predict and understand the motivational influences on behavior that are not under individual control/ will.

### **MSMEs Definition**

#### **Law Number 20-year 2008**

Under the Law Number 20-year 2008 definition of micro, small and medium enterprises, namely:

1. Micro Enterprise is a productive business owned by individual and/ or individual business entity that meets the criteria for Micro Enterprise as stipulated in this Law. Asset criteria: Max. Rp50 Million, Turnover criteria: Max. Rp300 million.
2. Small Enterprise is a productive economic business that is independent, conducted by an individual or business entity that is not a subsidiary or not a branch of a company that is owned, controlled, or becomes a direct or indirect part of a medium or large business that meets the Small Enterprise criteria as referred to in this Law. Asset criteria: Rp50 million - Rp500 million, Turnover criteria: Rp300 million - Rp2.5 billion.

3. Medium Enterprise is a productive economic business that is independent, conducted by an individual or business entity that is not a subsidiary or a branch of a company that is owned, controlled, or becomes a direct or indirect part of a small business or large business with a net amount of wealth or annual sales results as stipulated in this Law. Asset criteria: Rp500 million - Rp10 billion, turnover criteria: >Rp2.5 billion - Rp50 billion.

### **Central Bureau of Statistics/*Badan Pusat Statistik (BPS)***

BPS provides the definition of MSMEs based on the quantity of workers. According to the BPS the definition of Micro, Small and Medium Enterprises is: (1) Micro Enterprise: Business that have fewer than 5 workers, including additional unpaid family members; (2) Small Enterprise: Business that have 5 to 19 workers; (3) Medium Enterprise: Business that have 20 to 99 workers.

### **Readiness of MSMEs Actors**

According to Slameto (2010) readiness is the overall condition that makes person ready to give a response or answer in a certain way to a situation. Adjusting conditions at one time will affect the tendency to respond.

### **Intention**

According to Fishbein and Ajzen (1975) intention is the position of a person in the dimension of subjective probability that involves a relationship between himself and several actions. Intention is a motivational factor that influences behavior. Intention can show how much someone wants to try to do a certain behavior. Intention is still a disposition to behave until when the opportunity is right. Intention is assumed to capture the motivational factors that have an impact on behavior, an indication of how hard a person is trying, how much effort they are prepared to use, to display behavior (Ajzen, 1991).

### **Attitude**

Attitude is a form of feeling evaluation or reaction. The attitude in TPB is formed from two components, namely: behavioral belief and evaluation outcome. The component of behavioral belief is defined as a person's belief about the things or consequences caused when a person commits a behavior.

While evaluation outcomes are evaluations of things or consequences (positive-negative, favorable-unfavorable).

### **Subjective Norms**

Subjective norm is a person's perception of social influence in conduct certain behaviors. In subjective norm, there are individuals or groups that influence someone's behavior. The Individuals or groups are referred to as referents.

### **Perceived Behavioral Control**

Perceived behavioral control is the ease or perceived difficulty of doing behavior. This perceived behavioral control reflects past experience and anticipates the obstacles that exist so that the more subjective attitudes and norms of behavior are attracted, the greater the perceived behavioral control, the stronger the person's intention to conduct the behavior being considered (Ajzen, 1991).

### **Awareness**

Based on Solso, *et al.* (2005) Awareness is one's readiness for events in their environment (such as sights and sounds of the surrounding environment) as well as cognitive events which include memory, thoughts, feelings and physical sensations. The definition of awareness has two sides, awareness includes an understanding of the stimulus of the surrounding environment and also awareness includes the introduction of a person to his own mental events.

## **Hypothesis Development**

### **Influence of attitude on the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

Attitude is a form of a person's reaction to everything that is supportive or not supportive of a behavior. To explain a person's behavior in the environment, attitude has an important role in addition to other factors. The research result of Kautonen, *et al.* (2013) shows that attitude has a significant predictor of entrepreneurial intention. The research result of Paul, *et al.* (2016) also show that consumer attitude significantly predicts purchase intention of green product. Yazdanpanah and Forouzani (2015) found that

attitude was the main predictor of the intention to purchase organic foods of the Iranian students.

H<sub>1</sub>: Attitude influences the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities

**Influence of subjective norms on the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

Subjective Norms can be interpreted as an influence derived from the beliefs of others whether in the form of individuals or groups towards one's behavior. The research result of Kautonen, *et al.* (2013) shows that subjective norms have a significant predictor of entrepreneurial intention. The research result of Albashir, *et al.* (2018) also revealed that subjective norms have significant influence in increasing the intention to use Islamic banking. Subjective norm is the key factors that influence loan taking intentions of MSMEs owners in Egypt (Tolba, *et al.*, 2016).

H<sub>2</sub>: Subjective norms influence the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities

**Influence of perceived behavioral control on the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities.**

Perceived behavioral control is defined as a person's ability to do something, this is related to the ease or difficulty in doing so. Ajzen (1991) states that the more individuals feel many supporting factors and fewer inhibiting factors to be able to do a behavior, the greater control they feel about the behavior and vice versa, the fewer individuals feel the supporting factors and the more inhibiting factors to be able to do a behavior, then individuals will tend to perceive themselves as difficult to do this behavior. The research result of Kautonen, *et al.* (2013) shows that perceived behavioral control has a significant predictor of entrepreneurial intention. The research result of Albashir, *et al.* (2018) also revealed that perceived behavioral control has significant influence in increasing the intention to use Islamic banking. Paul, *et al.* (2016) also found that perceived behavioral control significantly predicts purchase intention of green product.

H<sub>3</sub>: Perceived behavioral control influences the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities

**Influence of awareness on the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

Widiastuti and Laksito (2014) stated that awareness is a process of learning from experience and observation and also an impulse from within an individual by considering the thoughts and feelings of the personality that a person has in behaving. Akman and Mishra (2017) found in their research on social commerce adoption that awareness has a positive effect on intention to behave. Research result of Ibrahim, *et al.* (2017) found that awareness has a significant relationship with the customer intention in choosing Islamic home financing products.

H<sub>4</sub>: Awareness influences the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities

**Influence of intention on the readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

Readiness is the overall condition of a person who makes him/her ready to give a response or answer in a particular way to a situation (Slameto, 2010). Readiness in this research is a condition that is owned by both individuals and bodies in preparing themselves both mentally and physically which is shown by the behavior of individuals and bodies to implement SAK EMKM. According to Ajzen (1991), Intention influences the behavior of an individual. Intention is a desire that arises in a person to do a behavior. Intention can be positive or negative. The research result of Kautonen, *et al.* (2013) shows that intention has a significant predictor of entrepreneurial behavior. Result from the research of Donald, *et al.* (2014) also found that the use of car and public transport was determined by the intention.

H<sub>5</sub>: Intention influences the readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities

**RESEARCH METHODOLOGY**

**Population and Sampling Technique**



This type of research is a type of quantitative research. The population in this study was micro, small and medium enterprises (MSMEs) in Purwokerto, with respondents being MSMEs owners or managers. The research sample was determined using disproportionate stratified random sampling technique. Data is collected by survey method, which is distributing a list of questions in a questionnaire filled out or answered by respondents who are owners or managers of MSMEs. In the questionnaire there are open and closed questions.

### **Data Analysis Technique**

This research used Partial Least Square (PLS) analysis with the help of the *SmartPLS version 3 software*. The first step is to assess or evaluate the measurement model (outer model), and the second step is to assess or evaluate the structural model (inner model). The measurement model is evaluated using convergent validity, discriminant validity, and composite reliability. While, the inner model is evaluated using R-square for the dependent variable, T-test and the significance of the structural path parameter coefficients. The Ttable used in this research is 1.96 (two tailed), while the level of significance used is 5%.

### **RESULT AND DISCUSSION**

The time for distributing this questionnaire was conducted from December 18, 2018 to January 16, 2019. A total of 140 questionnaires were distributed to respondents, only 125 questionnaires were returned and could be processed, so the response rate was 89 percent. Respondents in this research were MSMEs actors in Purwokerto. Based on the questionnaire that has been analyzed, information is obtained about the characteristics of respondents that can be grouped according to MSMEs criteria, age, gender, last formal education, type of business, length of business, turnover, number of employees, and ownership of credit loans at banks.

The majority of respondents were respondents who came from micro enterprises which amounted to 51 enterprises or with a percentage of 40.8%. The determination of MSMEs criteria in this research uses the criteria set by BPS, which is based on the number of employees. The highest number of respondents came from the age range of 35-41 as many as 36 respondents or 28.8%. When viewed in terms of gender, the majority of respondents were male, as many as 78 respondents or 62.4%. In terms of last formal education, the majority of respondents came from senior high school/SMA graduates, namely as many as

81 respondents or equal to 62.8%. The type of business occupied by respondents is mostly in the field of trade, as many as 55 respondents or 44% of respondents came from businesses engaged in trade. In terms of length of business, most of the respondents have been running their business for 13-18 years, namely as many as 37 respondents or as many as 29.6% who have run their business in that period. Based on business turnover, the group with the highest turnover was between 200 million and 500 million rupiahs, which was 28 respondents or as much as 22.4%. Based on the number of employees, 69.6% or 87 respondents had fewer than 10 employees. A total of 80 respondents from 125 respondents or equivalent to 64% of respondents did not have loans at the bank. However, as many as 105 respondents or 84% respondents have had loans at the bank. The most respondents were in Purwokerto Barat, which were 36 respondents or 28.8% of respondents.

## Measurement Model Evaluation

### Convergent Validity

Convergent validity of the measurement model with reflective indicator is assessed based on the correlation between the item score/component score estimated by PLS software. Hair *et al.* (2006) stated that the measuring of individual reflective are said to be practically significant if they correlate more than 0.50.

Table 1. Convergent Validity

Variable	Item	Loading Factor Value	Loading Factor Minimum	Explanation
<b>ATT</b>	ATT1	0.768	0.50	Passed
	ATT2	0.654	0.50	Passed
	ATT3	0.853	0.50	Passed
	ATT4	0.850	0.50	Passed
	ATT5	0.717	0.50	Passed
	ATT6	0.760	0.50	Passed
<b>SN</b>	SN1	0.726	0.50	Passed
	SN2	0.804	0.50	Passed
	SN3	0.758	0.50	Passed
	SN4	0.441	0.50	Did Not Pass
	SN5	0.622	0.50	Passed
	SN6	0.622	0.50	Passed
	SN7	0.034	0.50	Did Not Pass
	SN8	0.135	0.50	Did Not Pass
	SN9	0.164	0.50	Did Not Pass
<b>PBC</b>	PBC1	0.652	0.50	Passed

	PBC2	0.867	0.50	Passed
	PBC3	0.860	0.50	Passed
	PBC4	0.851	0.50	Passed
	PBC5	0.714	0.50	Passed
	PBC6	0.840	0.50	Passed
<b>AWR</b>	AWR1	0.844	0.50	Passed
	AWR2	0.926	0.50	Passed
	AWR3	0.951	0.50	Passed
	AWR4	0.949	0.50	Passed
	AWR5	0.940	0.50	Passed
	AWR6	0.700	0.50	Passed
	AWR7	0.686	0.50	Passed
	AWR8	0.530	0.50	Passed
<b>INT</b>	INT1	0.776	0.50	Passed
	INT2	0.833	0.50	Passed
	INT3	0.696	0.50	Passed
	INT4	0.832	0.50	Passed
<b>RDN</b>	RDN1	0.881	0.50	Passed
	RDN2	0.806	0.50	Passed
	RDN3	0.721	0.50	Passed
	RDN4	0.746	0.50	Passed
	RDN5	0.778	0.50	Passed

Based on the table above, there are some items in this model that did not meet the minimum requirements. The value of the loading factor below 0.50 did not meet the requirements for convergent validity. Therefore, items that have a value below 0.50 must be dropped from the model. Of the 38 items in this model, there were 4 items that did not pass the convergent validity test. These items are SN4, SN7, SN8, and SN9 items.

### Discriminant Validity

Discriminant validity of the measurement model with reflective indicators is assessed by comparing average variance extracted (AVE) square root value of each construct with a correlation between the construct and other constructs in the model. If the result of AVE square root value of each construct is greater than the correlation value between constructs and other constructs in the model, then it is said to have good validity discriminant values (Ghozali, 2011).

Table 2. AVE and AVE Square Root Value of Each Variable

Variable	AVE	AVE Square Root
<b>ATT</b>	0.593	0.770
<b>SN</b>	0.533	0.730
<b>PBC</b>	0.643	0.802
<b>AWR</b>	0.687	0.829

<b>INT</b>	0.618	0.786
<b>RDN</b>	0.622	0.788

Table 3. Correlation Matrix of Latent Variables

	<b>ATT</b>	<b>SN</b>	<b>PBC</b>	<b>AWR</b>	<b>INT</b>	<b>RDN</b>
<b>ATT</b>	<b>0.77</b>					
<b>SN</b>	0.615	<b>0.73</b>				
<b>PBC</b>	0.768	0.595	<b>0.802</b>			
<b>AWR</b>	0.742	0.551	0.791	<b>0.829</b>		
<b>INT</b>	0.715	0.527	0.698	0.579	<b>0.786</b>	
<b>RDN</b>	0.703	0.549	0.783	0.755	0.61	<b>0.788</b>

Based on the table above, the correlation value of each variable with the other variables is not greater than the correlation value of each variable with the variable itself. Thus it can be stated all of variables have met the criteria of discriminant validity.

### Composite Reliability

Composite reliability of the measurement model is assessed based on Composite Reliability and Cronbach's Alpha value estimated by smartPLS Software. A construct is said to be reliable if the Composite Reliability and Cronbach's Alpha value are above 0.70 (Ghozali, 2011).

Table 4. Composite Reliability

<b>Variable</b>	<b>Composite Reliability</b>	<b>Cronbach's Alpha</b>	<b>Explanation</b>
<b>ATT</b>	0.897	0.861	Reliable
<b>SN</b>	0.85	0.784	Reliable
<b>PBC</b>	0.914	0.886	Reliable
<b>AWR</b>	0.944	0.928	Reliable
<b>INT</b>	0.866	0.792	Reliable
<b>RDN</b>	0.891	0.849	Reliable

Based on the table above, the results of Composite Reliability and Cronbach's Alpha have satisfactory values, namely the value of each variable or construct is above the minimum value of 0.70. This shows high consistency and stability of the instruments used. In the other words, all constructs or variables of this research are fit measuring instruments, and all questions used to measure each construct have good reliability.

### Structural Model Evaluation

Table 5. R-square

Variable	R-Square
INT	0.572
RDN	0.372

Based on the table above, the R-square value of the intention (INT) variable is 0.572. The R-square value of 0.572 means that the construct variability of intention can be explained by the construct variability of attitude (ATT), subjective norms (SN), perceived behavioral control (PBC), and awareness (AWR) by 57.2% while 42.8% is explained by other variables outside of this research.

Based on the table above, the R-square value of the readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities (RDN) variable is 0.372. The R-square value of 0.372 means that the construct variability of this variable can be explained by the construct variability of intention (INT) by 37.2% while 62.8% is explained by other variables outside of this research.

The level of significance used in this research is 5% ( $\alpha=0.05$ ). The test statistic used is the t statistic or t test (two-tailed), namely by comparing the  $t_{\text{statistics}}$  value in the output of path coefficient table by *smartPLS software* with  $t_{\text{table}}$  value. The  $T_{\text{table}}$  value used in this research is 1.96 (two tailed).

Table 6. Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic ( O/STDEV )	P Values	Explanation
<b>ATT -&gt; INT</b>	0.440	0.444	0.103	4.251	0.000	Accepted
<b>AWR -&gt; INT</b>	-0.103	-0.088	0.089	1.154	0.249	Rejected
<b>INT -&gt; INT</b>	0.610	0.613	0.050	12.083	0.000	Accepted
<b>INT -&gt; RDN</b>	0.396	0.375	0.118	3.353	0.001	Accepted
<b>RDN -&gt; INT</b>	0.078	0.085	0.068	1.142	0.254	Rejected
<b>PBC -&gt; INT</b>						
<b>SN -&gt; INT</b>						

**Attitude (ATT) influences the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities (INT)**

Based on bootstrapping output in the table above it can be seen that attitude has a significant effect on intention with an estimated coefficient of 0.440 which means that the closeness of the attitude relationship with intention is 44%. The value of the t-statistic is 4.251 and is significant at  $\alpha=$

0.05 ( $p$  value = 0.000). Because the  $t$ -statistic value is greater than the  $t$ -table value ( $4.251 > 1.96$ ), the first hypothesis is **accepted**.

**Subjective Norms (SN) influence the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities (INT)**

Based on bootstrapping output in the table above it can be seen that subjective norm do not have a significant effect on intention with an estimated coefficient of 0.078 which means that the closeness of the subjective norms relationship with intention is 7.8%. The value of the  $t$ -statistic is 1.142 and it is not significant at  $\alpha = 0.05$  ( $p$  value = 0.254). Because the  $t$ -statistic value is less than the  $t$ -table value ( $1.142 < 1.96$ ), the second hypothesis is **rejected**.

**Perceived Behavioral Control (PBC) influences the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities (INT)**

Based on bootstrapping output in table above it can be seen that perceived behavioral control has a significant effect on intention with an estimated coefficient of 0.396 which means that the closeness of the attitude relationship with intention is 39.6%. The value of the  $t$ -statistic is 3.353 and is significant at  $\alpha = 0.05$  ( $p$  value = 0.001). Because the  $t$ -statistic value is greater than the  $t$ -table value ( $3.353 > 1.96$ ), the third hypothesis is **accepted**.

**Awareness (AWR) influences the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities (INT)**

Based on bootstrapping output in the table above it can be seen that awareness do not have a significant effect on intention with an estimated coefficient of -0.103 which means that the closeness of the awareness relationship with intention is 10.3%. The value of the  $t$ -statistic is 1.154 and it is not significant at  $\alpha = 0.05$  ( $p$  value = 0.249). Because the  $t$ -statistic value is less than the  $t$ -table value ( $1.154 < 1.96$ ), the fourth hypothesis is **rejected**.

**Intention (INT) influences the readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities (RDN)**

Based on bootstrapping output in the table above it can be seen that intention has a significant effect on readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and

Medium Entities with an estimated coefficient of 0.610 which means that the closeness of the intention relationship with readiness is 61%. The value of the t-statistic is 12.083 and is significant at  $\alpha = 0.05$  (p value = 0.000). Because the t-statistic value is greater than the t-table value ( $12.083 > 1.96$ ), the fifth hypothesis is **accepted**.

## **Discussion**

### **The influence of Attitude on the Intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

The results of hypothesis test indicate that the first hypothesis proposed is **accepted**. A positive attitude towards SAK EMKM will make MSMEs actors intend to implement SAK EMKM in their business financial reporting. The more positive attitudes towards SAK EMKM, the higher the intention of MSMEs actors to implement SAK EMKM. Conversely, if MSMEs actors have a negative attitude towards the SAK EMKM, then their intention to implement the SAK EMKM will also decrease.

The results of this research are in line with the results of the research conducted by Ibrahim, *et al.* (2017), Paul, *et al.* (2016), Yazdanpanah and Forouzani (2015), Donald, *et al.* (2014), and Kautonen, *et al.* (2013). Attitude is a person's response and belief in something that is favorable or unfavorable. The attitude towards the implementation of SAK EMKM is a response to the implementation of SAK EMKM whether the implementation is favorable or unfavorable for them. To form a positive attitude towards MSMEs actors, it is necessary to have socialization from related parties regarding the benefits if MSMEs actors implement SAK EMKM reporting the financial condition of their businesses.

### **The influence of Subjective Norms on the Intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

The results of hypothesis test indicate that the second hypothesis proposed is **rejected**.

Subjective norms are individual perceptions of social pressure to do or not do a behavior that will affect intention. A person will intend to do a behavior if he feels that the opinions of the people around him are important and he feels the social pressure of the referent to do that behavior. In this research subjective norms are measured by the influence of business partners, business competitors,

and banks as providers of financial services that influence the intention of MSMEs actors to implement SAK EMKM.

Based on Tuti and Dwijayanti (2014), most MSMEs actors only use personal capital in running their business. This is also in line with the results of descriptive statistics in this research, which showed that only 36% of respondents had loans at banks. One of the referents in this research is the bank that wants sufficient financial information from MSMEs actors if they want to borrow money, if only a few MSMEs actors borrow money from banks, then the pressure from the bank becomes low.

The results of this research are in line with the results of the research conducted by Paul, *et al.* (2016), and Yazdanpanah and Forouzani (2015). When associated with the two other variables in TPB that influence the intention to implement SAK EMKM, the insignificant results of the subjective norm variable support the opinion that the implementation of SAK EMKM is highly dependent on internal thoughts and factors within the individual.

#### **The influence of Perceived Behavioral Control on the Intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

The results of hypothesis test indicate that the third hypothesis proposed is **accepted**. Perceived behavioral control is a control that is owned by someone who comes from the individual's past experience of whether or not it is difficult to do a behavior. The results of this research are in line with the results of the research conducted by Albashir, *et al.* (2018), Ibrahim, *et al.* (2017), Paul, *et al.* (2016), Donald, *et al.* (2014), and Kautonen, *et al.* (2013).

One of the steps that can be taken in order to improve the perceived behavioral control among MSMEs actors towards their intention to implement SAK EMKM is through socialization and training.

#### **The influence of Awareness on the Intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

The results of hypothesis test indicate that the fourth hypothesis proposed is **rejected**. From these results it can be concluded that the awareness of MSMEs actors do not have an influence on the intention of MSMEs actors to implement SAK EMKM in their financial reporting.



Awareness is one's readiness for events in their environment (such as sights and sounds of the surrounding environment) as well as cognitive events which include memory, thoughts, feelings and physical sensations (Solso, *et al.*, 2005). The results of this research contrast with the results of the research by Ibrahim, *et al.* (2017) But when the awareness variable is directly linked to the readiness variable, the result shows that awareness has a significant effect on readiness with an estimated coefficient of 0.610 which means that the closeness of the awareness relationship with the readiness is 61%. The value of the t-statistic is 8.463 and is significant at  $\alpha = 0.05$ .

Based on this, it can be concluded that awareness is not an antecedent variable of intention, but it is an independent variable of readiness because it affects the readiness variable directly. The results of this research are in line with the results of the research conducted by Takaizumi, *et al.* (2011) and Suki (2013).

This proves that even if someone is aware of the importance of something, it does not mean that the person will intend to do certain behaviors. Many factors cause the person does not intend to do so, such as the difficulty of executing certain behavior, time constraints, or cost constraints.

Awareness influence the readiness of MSMEs actors in implementing SAK EMKM. The effect of awareness on the readiness of MSMEs actors is positive. This shows that the more MSMEs actors are aware of SAK EMKM, the higher the readiness of MSMEs actors in implementing SAK EMKM. Readiness is shown in certain behaviors such as having done a good bookkeeping. However, awareness is not the only factor that influences readiness, there are intentions that also influence readiness. Intention is influenced by other variables such as perceived behavioral control and attitudes that positively influence intention.

#### **The influence of Intention on the Readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities**

The results of hypothesis test indicate that the fifth hypothesis proposed is **accepted**.

The results of this research are in line with the results of the research conducted by Donald, *et al.* (2014), and Kautonen, *et al.* (2013).

One of the steps that can be taken to increase intentions which will also increase readiness is to increase the effects of antecedent variables from intention, namely by conducting socialization and training.

## **CONCLUSION**

### **Conclusion**

Based on the results of research and discussion that has been described, conclusions can be obtained as follows: 1) Attitude influenced the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities, 2) Subjective Norms did not influence the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities, 3) Perceived Behavioral Control influenced the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities, 4) Awareness did not influence the intention of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities, 5) Intention influenced the readiness of MSMEs actors in the implementation of the Financial Accounting Standards for Micro, Small and Medium Entities.

### **Implication**

The intention of MSMEs actors in implementing SAK EMKM can be improved by considering the factors that affect the intention of MSMEs actors in implementing SAK EMKM. In this research, it has been proven that attitudes toward the implementation of SAK EMKM and perceived behavioral control can contribute to the increase in the intention of MSMEs actors to implement SAK EMKM. With the increase in intention, it will affect the readiness of MSMEs actors to implement SAK EMKM so that the implementation of SAK EMKM among MSMEs actors will be higher.

The readiness of MSMEs actors in implementing SAK EMKM can be done by providing training and socialization so that MSMEs actor feel that implementing SAK EMKM is not a difficult thing to do. The government and financial standards-making institutions should be able to become facilitators for MSMEs actors, so that there will be more MSMEs actors know or even able to implement SAK EMKM in their business financial reporting.

### **Research Limitations**

In this research respondents were divided based on the type of business that included services, trade, and manufacturing. Each type of business has different characteristics, so that business practices conducted in each type of business have differences that can lead to different research results. It is expected that in

future research to try to carry out similar research in certain sectors so that research becomes more focused.

This research was conducted in Purwokerto. For future research, it is expected to take a wider location or a different location than in this research.

In this research the antecedent variables influenced the intention by 57.2%, this shows that there are still other variables that influenced intention at 42.8% which were not included in this research. So that in future research it is expected to be able to add other variables that have the potential to have an influence on the intention of MSMEs actors to implement SAK EMKM.

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