



QUALITY OF FINANCIAL REPORTS FOR MICRO, SMALL AND MEDIUM ENTERPRISES

(Study of Accounting Application Based On the SAK EMKM Approach)

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ABSTRACT

This study aims to determine the effect of the owner's perception of the purpose of financial statements (X1), human resource competence (X2), and the application of accounting based on SAK EMKM (X3) on the quality of MSME financial reports in Ponorogo Regency (Y). This research is a quantitative study with a population of SMEs in Ponorogo Regency. The sample in this study amounted to 100 respondents, with sampling using the proportionate stratified random sampling method. While the data collection method uses a questionnaire and data analysis techniques using multiple linear regression analysis supported by data quality tests (validity test and reliability test), classical assumption test (normality test, multicollinearity test, and heteroscedasticity test), and hypothesis testing (t-test, test F and test the coefficient of determination). The results showed that the owner's perception of the purpose of financial statements, the competence of human resources, and the application of accounting based on SAK EMKM had a positive and significant effect partially or simultaneously on the quality of MSME financial reports in Ponorogo Regency.

KEYWORDS: Quality of Financial Reports, SAK EMKM Approach

1. INTRODUCTION

MSMEs are one of the sectors that support economic development in Indonesia. During the current pandemic, MSMEs are a sector that is still consistent in its development. One of them is that many companies have terminated their employees' employment, so many have switched professions by opening their businesses. The current growth rate of MSMEs is getting attention from the government by providing various facilities for business actors from the capital and tax sectors. The high potential of MSMEs in Indonesia is not matched by the quality of MSMEs themselves. Such as the lack of MSMEs in managing financial reports. Research conducted by Mulyani (2014) that financial statements can be used as a basis for making decisions in managing a business, including market development decisions, pricing, and so on.

Financial reports play an important role in the development of MSMEs. Financial statements are the result of the accounting process. Financial reports as a form of financial reporting accountability must have good quality because the results of these financial statements will be used as a decision-making process. Meanwhile, to produce decisions that develop, the information provided must also be of high quality. To prepare quality financial reports, it must meet the qualitative characteristics of financial statements, namely understandable, relevant, reliable, and comparable (Devi et al, 2017). Banks providing credit also need to require the composition of financial statements from companies to find out how much the company's ability to repay loans provided by banks (Annisa et al, 2020).

The phenomenon that occurs today, many MSME actors do not understand accounting financial statements. Because many think that financial statements are not very important because the age of the business has not been long, the number of employees is still small, the business turnover is not large and some even do not know anything about financial statements (Abdallah and Maryanto, 2020). Ponorogo Regency is one of the cities in East Java that has a very advanced MSME growth with many variations (m.republika.co.id). However, there are

several problems, such as the company's performance in managing financial statements that have not been stable. Meanwhile, in a company, it is necessary to have recording and reporting to assess the company's performance. In addition, the problem of capital and market access that can make it difficult for MSMEs to develop is that many MSMEs cannot afford to grow because they do not have systematic book keeping, as a result, there is no firm choice between personal money and company money (Tambunan, 2009).

MSME actors must understand and understand how important MSME financial reports are in the development of their business, especially in terms of providing credit to banks. The preparation of quality financial reports is also supported by quality resources as well. Human resources who have knowledge and skills in the field of accounting are indispensable in producing quality financial reports. With the existence of quality human resources are also able to develop the company's performance. The preparation of MSME financial reports is not only by recording the amount of expenditure or income, but the number of goods also purchased or sold, and the number of receivables or debts, and it is only used as a reminder. However, quality MSME financial reports must also apply the financial accounting standards applied to MSMEs, namely the financial accounting standards for micro, small and medium entities (SAK EMKM). SAK EMKM is a financial accounting standard issued by the Indonesian Accounting Association (IAI) in a simpler model than the previous financial accounting standard, namely the financial accounting standard for entities without public accountability (SAK ETAP). SAK EMKM came into force on January 18, 2018 and was officially implemented as a financial accounting standard for MSMEs

From the above understanding, researchers want to conduct research in Ponorogo district because there are still many MSME actors who prepare simple financial reports. The owner's lack of understanding of the objectives of financial statements and the competence of human resources owned by a company are factors in the preparation of financial statements. In addition, the application of accounting in the preparation of financial statements following SAK EMKM has also not been applied by several companies, considering that the preparation of financial statements is very important in the performance of an entity.

The aims of this study are: (1) to determine the effect of owner's perception of the purpose of financial statements on the quality of MSME financial reports in Ponorogo Regency, (2) to determine the effect of human resource competence on the quality of MSME financial reports in Ponorogo Regency, (3) to determine the effect of implementing SAK EMKM-based accounting on the quality of MSME financial reports in Ponorogo Regency, and (4) knowing the effect of the owner's perception of the purpose of financial statements, human resource competence and the application of SAK EMKM-based accounting on the quality of MSME financial reports in Ponorogo Regency.

2. LITERATURE REVIEW

Micro, Small, and Medium Enterprise (MSME)

According to Law No. 20 of 2008, the so-called MSMEs are the net worth of micro- enterprises, which is IDR 50,000,000 excluding land and production sites and having annual sales of IDR 300,000,000. While the net worth for small businesses is IDR 50,000,000 to IDR 500,000,000 excluding land and production sites and has annual sales of IDR 300,000,000 to IDR 2,500,000,000. And the net worth for medium-sized businesses is Rp. 500,000,000, - to Rp. 10,000,000,000,- excluding land and production sites and has annual sales of Rp. 2,500,000,000, -up to Rp. 50,000,000,000,-. There are 3 types of business sectors engaged in MSMEs, namely trade, services, and production.

Financial Reports

Rudianto (2012) states that financial statements are records of a company's financial information in an accounting period that can be used to describe the company's performance. The financial reports produced by each institution must meet the following quality standards to be useful (Nursalim, et al 2019). According to (Indonesian Accounting Association, 2015), financial statements are a structured presentation of the financial position and performance of an entity. In other words, financial statements are written records that convey the business activities and financial performance of a company. Financial reports are useful for banks, creditors, owners, and interested parties in analyzing and interpreting financial performance and company conditions (Indonesian Accounting Association, 2019). The purpose of the financial statements of SMEs is to present information on the performance and financial position of an entity that provides benefits to several users in making economic decisions by anyone who is not in a position to request special financial statements to meet the information needs. Financial statements have qualitative characteristics, namely relevant, reliable, comparable, and understandable.

Financial Reports Quality

Rosidani (2011) states that the quality of financial statements is the extent to which the financial statements presented show true and honest information. Baihaqi (2017) states that quality financial reports are financial statements that present entity financial information. The information includes the entity's financial position and performance. According to the Indonesian Accounting Association (2018), states that the basic assumption used by MSME actors as listed in SAK EMKM is the accrual basis, namely the basis used in preparing the entity's financial statements, accounts on the accrual basis are recognized as assets, liabilities, equity, income, and burden. Going concerned, namely the management in assessing the entity's ability to prepare financial statements to continue its business in the future (going business) using SAK EMKM. According to Hadi (2020), there are 4 (four) aspects used to measure the quality of financial reports, namely relevance, materiality, and comparability) and can be understood (understandability).

Owner's Perception on Financial Statements

Dewi (2018), states that the perception of financial statements is how business owners respond to their environment, what is meant by the environment is the content of the report. The owner's perception of the importance of financial statements will affect the steps taken to support the achievement of the preparation of quality financial statements. Rudiantoro and Siregar (2012), perception is a person's first step in assessing and doing something, including accounting and financial reporting. According to Jalaludin Rakhmat and Baihaqi (2017), several factors influence a person's perception, namely functional factors and structural factors. Functional factors are factors that come from wants, needs, expectations, concerns, past experiences, values, memory, moods, and emotions. Structural factors are factors derived solely from the nature of the physical stimulus to the nervous effects caused by the individual system. According to Wilfa (2016), several indicators can be used to measure perceptions of financial statements, namely perceptions of the benefits of financial statements, perceptions of the comparison of costs with the benefits of financial statements, and perceptions of willingness to organize financial reports.

Human Resource Competencies

According to Wibowo (2014), competence is the ability to carry out tasks or work based on knowledge, and skills supported by attitudes that are characteristic of individuals. Ikhsan (2008), states that human resources are the people involved within the organization. These resources are wealth owned by someone who comes from within himself, in the form of abilities, knowledge, talents, skills, and others. So, it can be concluded that the competence of human resources is a person's ability to carry out their duties and responsibilities effectively and efficiently. Resources that have high competence will be very influential in the development of an entity. Dewi (2018), states that the competence of human resources can be measured using several indicators, namely the level of education, competence in managing finances, skills, attitudes, and counseling.

Financial Accounting Standards for Micro, Small, and Medium Entity

Micro, Small, and Medium Entities (EMKM) according to IAI in SAK EMKM (2016), are entities without significant public accountability, which meet the criteria for micro, small and medium enterprises regulated in the laws and regulations in force in Indonesia. The exposure draft of Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) has been approved by DSAK IAI with a simpler concept than SAK ETAP. This standard is expected to help MSMEs to compile financial reports more easily. However, the classification of EMKM in Indonesia based on Law No. 28 of 2008 has not been able to separate micro-entities from small and medium entities. This is because micro-entities in Indonesia are the smallest-scale entities and have different characteristics from large-scale entities. According to IAI in SAK EMKM (2016), the purpose of financial statements is to provide information on the financial position and financial performance of an entity that can be useful to a large number of users in making economic decisions by anyone who is not in a position to request special financial statements to meet the information needs. These users are like creditors and investors. According to Darmasari (2020), there are several indicators to measure the application of accounting based on SAK EMKM, namely accounting based on SAK EMKM makes it easier to prepare financial reports, and accounting based on SAK EMKM is more effective and efficient in preparing financial statements.

3. IMPLEMENTATION AND METHOD

The population in this study is MSMEs in Ponorogo Regency, namely business owners. The MSME data was obtained from the Department of Trade, Cooperatives and Micro Enterprises (PERDAGKUM). For sampling, this study used a proportionate stratified random sampling technique, namely the method of sampling randomly selected according to the characteristics of the business. The data collection technique in this study used a questionnaire that was distributed directly to respondents with a Likert scale as the basis for measurement. The data analysis technique used in this research is multiple linear regression analysis.

The equation model for multiple linear regression analysis is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where Y is the Quality of MSME Financial Reports, a is a Constant, b1, b2, b3 is the Regression Coefficient, X₁ is the Owner's Perception of the Objectives of the Financial Statements, X₂ is the Competence of Human Resources, X₃ is the Application of Accounting Based on SAK EMKM, and e is an error.

4. RESULTS

Normality Test

The normality test was carried out to test whether the residual value in the regression was normally distributed which could be done with the Columogrov Smirnov test. If the significant value is > 0.05 then the variable is normally distributed (Ghozali, 2018). The results of the normality test using the one-sample Kolmogorov-Smirnov method with SPSS 25 can be seen in the following table:

Table 1. Normality Tst

		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.72138320
Most Extreme Differences	Absolute	.064
	Positive	.055
	Negative	-.064
Kolmogorov-Smirnov Z		.064
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Source: Data processed using SPSS 25, 2022

Based on the normality test result table 1, the owner's perception variable on the purpose of financial statements (X₁), human resource competence (X₂), accounting application based on SAK EMKM (X₃), and the quality of MSME financial reports (Y) got a significance value of 0.200. This means that the value is greater than 0.05, which means this research has met the assumption of normality.

Multicollinearity Test

The multicollinearity test is a test used to determine whether the independent variables in a form have similarities. If there is no correlation between independent variables, it means that there is no multicollinearity. If the resulting VIF is > 10 and the tolerance value is < 0.10, then there will be no multicollinearity. The results of the multicollinearity test calculation can be seen in the table below:

Table 2 Multicollinearity Test

Variable	Colinearity Statistics	
	Tolerance	VIF
Owner's Perception of the Purpose of Financial Statements (X ₁)	0,752	1,330
Human Resources Competence (X ₂)	0,464	2,155
Application of Accounting Based on SAK EMKM (X ₃)	0,496	2,015

Source: Data processed using SPSS 25, 2022

Based on the multicollinearity test table 2, it can be seen that the tolerance value of the owner's perception variable on the purpose of financial statements (X₁) is 0.752 > 0.10, human resource competence (X₂) is 0.464 > 0.10 and the application of accounting based on SAK EMKM (X₃) of 0.496 > 0.10. While the value of VIF on the owner's perception of the purpose of financial statements (X₁) is 1.330 < 10, human resource competence (X₂) is 2.155 < 10 and the application of accounting based on SAK EMKM (X₃) is 2.015 < 10. Based on this explanation, it can be concluded that all independent variables in this study do not occur in multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test is used to test whether in the regression model there is an inequality of variance from the residuals from one observation to another with the glejser test. If the significance value of the independent variable is greater than 0.05 (sig. > 0.05), it can be stated that the regression model does not occur

heteroscedasticity. The results of the classical assumption of heteroscedasticity can be seen in the following table.

Table 3 Heteroscedasticity Test

Variable	Significant Value	Criteria
Owner's Perception of the Purpose of Financial Statements(X ₁)	0,284	> 0,05
Human Resources Competence (X ₂)	0,075	> 0,05
Application of Accounting Based on SAK EMKM (X ₃)	0,051	> 0,05

Source: Data processed using SPSS 25, 2022

Based on table 3 the results of the heteroscedasticity test above, it can be seen that the significance value of the owner's perception variable on the purpose of financial statements (X₁) is 0.284 > 0.05, the human resource competence variable (X₂) is 0.075 > 0.05 and the accounting application variable based on SAK EMKM (X₃) of 0.051 > 0.05. So, it can be concluded that the independent variable does not occur heteroscedasticity in the regression of this study.

Multi Linear Regression Analysis

Multilinear regression analysis test aims to test the truth about whether or not the independent variable is real to the dependent variable. The results of the calculation of multiple linear regression analysis can be seen in the table below:

Table 4 Multilinear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
(Constant)	7.821	4.663		1.667	.097	
1	Owner's Perception of the Purpose of Financial Statements	.235	.085	.231	2.752	.007
	Human Resources Competence	.609	.174	.373	3.492	.001
	Application of Accounting Based on SAK EMKM	.206	.094	.226	2.190	.0031

Source: Data processed using SPSS 25, 2022

Table 4 shows the multiple linear regression equation obtained as follows:

$$Y = 7.821 + 0.235X_1 + 0.609X_2 + 0.206X_3 + e$$

Based on the multiple linear regression equation above, it can be interpreted that: The constant (α) in the multiple linear regression equation above has a value of 7.821 (positive) stating that the owner's perception of the financial statement objectives (X₁), human resource competence (X₂), and the application of accounting based on SAK EMKM (X₃) is worth 0 (zero), then the quality of MSME financial reports as the dependent variable is 7.821.

The regression coefficient (β_1) of the owner's perception variable on the purpose of financial statements (X₁) is 0.235 (positive), then the quality of MSME financial reports will increase by 0.235 units. The regression coefficient (β_2) of the human resource competence variable (X₂) has a value of 0.609 (positive), then the quality of MSME financial reports will increase by 0.609. The regression coefficient (β_3) of the SAK EMKM-based accounting application variable (X₃) has a value of 0.206 (positive), then the quality of MSME financial reports will increase by 0.206.

t-Test

The t-test is a hypothesis test that is used to test the effect of each independent variable individually on the dependent variable (Ghizali, 2018). The value of the coefficient, significance, and t count of two-way hypothesis testing can be seen in the following table:

Table 5. t-Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	7.821	4.663		1.667	.097
1	Owner's Perception of the Purpose of Financial Statements	.235	.085	.231	2.752	.007
	Human Resources Competence	.609	.174	.373	3.492	.001
	Application of Accounting Based on SAK EMKM	.206	.094	.226	2.190	.0031

Source: Data processed using SPSS 25, 2022

For the t-test, decision-making is based on a significance value less than or equal to 0.05, so the hypothesis of the study can be accepted. The following is an explanation of the results of the t-test, namely, the effect of the owner's perception of the purpose of financial statements on the quality of MSME financial reports. Based on the table, it is known that the owner's perception of the financial statement objectives shows a t-count value of 2.752, then $t\text{-count} > t\text{-table}$ ($2.752 > 1.985$) and a significance value of 0.007, the results show that H_0 is rejected and H_a is accepted, which means the owner's perception of the financial statement objectives positive effect, accepted.

The influence of human resource competence on the quality of MSME financial reports. Based on the table, it is known that the owner's perception of the purpose of the financial statements shows a t-count value of 3.492, then $t\text{-count} > t\text{-table}$ ($3.492 > 1.985$) and a significance value of 0.001, the results show that H_0 is rejected, and H_a is accepted, which means that human resource competence has a positive effect, received. The effect of the application of accounting based on SAK EMKM on the quality of MSME financial reports. Based on the table, it is known that the owner's perception of the purpose of the financial statements shows a t count of 2.190, then $t\text{ count} > t\text{ table}$ ($2.190 > 1.985$) and a significance value of 0.0031, the results show that H_0 is rejected, and H_a is accepted, which means the application of SAK-based accounting EMKM has a positive effect, accepted.

F-Test

The F test is a test used to determine the influence of independent variables having a joint or simultaneous influence on the dependent variable (Ghozali, 2018). The results of the F test (simultaneous) can be seen in the following table:

Table 6. F-Test ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1321.729	3	440.576	30.850	.000 ^b
Residual	1371.021	96	14.281		
Total	2692.750	99			

Source: Data processed using SPSS 25, 2022

In the F test table, it is known that the calculated F is 30.850, the $df(1)$ value is 3, $df(2)$ is 96, the significance value is 0.000 and the F table is 2.698. Based on the data obtained, it is known that $F\text{ arithmetic} > F\text{ table}$ ($30.850 > 2698$), a significance value of $0.000 < 0.05$ alpha value, it can be interpreted that there is a simultaneous influence between the owner's perception of the financial statement objectives, human resource competence and implementation. SAK EMKM-based accounting on the quality of MSME financial reports.

The coefficient of determination test

The coefficient of determination test is a test used to determine how much the independent variable can explain the dependent variable. This test shows the significance of the relationship between the independent variable and the dependent variable with a coefficient between 0 to 1 (Ghozali, 2018). The table of determination test results can be seen in the following table:

Table 9. The Coefficient of Determination Test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.701 ^a	.491	.475	3.77908

Source: Data processed using SPSS 25, 2022

Based on the table, it can be seen that the R square (2) obtained is 0.491, which means that the owner's perception of the purpose of financial statements, human resource competencies, and the application of accounting based on SAK EMKM can affect the quality of MSME financial reports in Ponorogo Regency by 49.1% and the remaining 50.9% is influenced by other factors outside of this study.

5. DISCUSSION

Based on results testing hypothesis which has conducted in this research, it can be seen whether or not there is an influence between perception owner of the objectives of the financial statements, competence of human resources and application accountancy based SAK EMKM to quality report MSME finance in Ponrogo Regency. Recapitulation of the results of hypothesis testing which has conducted could seen in table following this:

The effect of the owner's perception of the objectives of the financial statements on the quality report finance MSME. Hypothesis first in study this is test influence owner's perception of the objective of the financial statements on the quality of the report finance SMEs. Results from equality regression linear multiple show that score $t_{count} = 0.235$ which it means if perception owner of the objective of the financial statements (X1) has increased in one unit, the quality of financial reports increases by 0.235. View from output SPSS 25, is known that score $t_{count} > t_{table}$ that is of $2.752 > 1.985$ with a significant level of $0.007 < 0.05$, so it can be interpreted that there is a unidirectional relationship between the owner's perception of on the purpose of financial reports with the quality of MSME financial reports. The higher the owner's perception of the purpose of the financial statements is important, so the more tall also quality report finance MSME which generated.

This is evidenced by the calculation of the average respondents' answers in fill in related statements with the owner's perception on purpose financial statements (X1). From the results of the average calculation could It is known that the majority of respondents answered strongly agree as much as 53 people or 53% and agree as many as 37 people or 37%. On variable the quality of MSME financial reports (Y) the majority of respondents answered strongly agree as many as 60 people or 60% and agree as much as 34%, it means majority respondent confess that perception owner on the purpose of financial statements is very affect the quality of the report finance SMEs. Because report finance very beneficial in a business as a means of making decisions or simply knowing position finance company. Whereas on variable owner's perception of the objective of the financial statements (X1) who answered neutral as much as 9 person or 9% and no agree as much 1 person or 1%. On the quality variable financial statements (Y) which answer neutral 6 people or 6% and 2 people or 2%, they considered that the report finance no too beneficial for the company, because for they performance company nor in taking decision could also seen from side management besides report finance. Answer respondent which by positive answer very agree From this it can be concluded that the financial statements are useful in something effort as means taking decision, in future planning and in internal control an effort. In addition, financial statements can also be used to knowing position finance company and as ingredient accountability to stakeholders. Top owner's perception purpose of report finance have connection positive to quality MSME financial reports, so that the better the owner's perception of destination report finance the more good also report finance which generated.

Results study this in line with study before which conducted by Zachari Abdallah, et al (2020) and Wildan (2017), where results the research state that perception owner on destination financial statements have a positive effect on the quality of financial reports SMEs. Perception owner about importance report finance will influence the steps taken to support the achievement of composing report finance which quality. Whereas results study on contrary with study which conducted by Janrosl (2018) states that the owner's perception of the purpose of the report finance no take effect to report quality finance SMEs.

Influence competence source power man to quality report finance MSME

Hypothesis second in study this is test influence competence source power man to quality financial statements SMEs. Results from equality regression linear multiple show that the value of $F_{2} = 0.609$ which means that if the

competence of man (X2) experience increase in one unit, so quality financial statements increased by 0.609. Judging from the output of SPSS 25, it is known that the value of t arithmetic $>$ t table is $3.492 > 1.985$ with level significant as big as $0.001 < 0.05$, so could interpreted that there is connection unidirectional Among competence source power man with quality MSME financial reports. The more adequate competence source power man, so the more tall also quality report finance MSME which generated. This is evidenced by the calculation of the average respondents' answers in fill in statement related with competence source power human (X2). From the results of the average calculation, it can be seen that that the majority of respondents answered strongly agree as many as 57 people or 57% and agree as much 34 person or 34%. Whereas on the quality of MSME financial reports (Y) the majority of respondents answered strongly agree as many as 60 people or 60% and agree as many as 31 people or 31%, meaning that human resource competence is very influential on the quality of MSME financial reports, with the competence source power man which owned company the tall and adequate capable influence quality report finance SMEs. On the resource competence variable man (X2) that answer neutral as many as 6 people or 6% and disagree as much as 2 people or 2%. On the variable quality of MSME financial reports (Y) which answered neutral as many as 7 people or 7% and disagree as much as 2 people or 2%, meaning that the respondents' understanding of the report is still low finance source power man so that report finance which produced still doubtful relevance and reliability.

Answer respondent which by positive answer very agree the could taken conclusion that competence source power people are influenced by the level of education, the way of financial management company, Skills in doing Duty and attitude in doing profession with quality work which good as well as professional. So, in the presence of highly competent resources capable increase Performance Company and make it easy in taking decision economy based on report finance which quality.

Results study this in line with study before which conducted by Lutfhy (2020) and Animah, et al (2020), where results the research state that competence source power man has a positive effect on the quality of MSME financial reports. Source power that has high competence will be very influential in development of an entity, because with the available resources competent tall capable increase performance company and make it easy in taking decision economy based on report finance which have quality tall also. Whereas study on contrary with study which conducted by Animah, et al (2020) which states that the competence of human resources man no take effect to report quality finance SMEs.

The effect of the application of accounting based on SAK EMKM on the quality report finance MSME. Hypothesis third in study this is test influence application accountancy based SAK EMKM (X3) to quality MSME financial reports. Result of multiple linear regression equation shows that the value of $t = 0.206$ which means that if the application of Accounting based on SAK EMKM (X3) has increased in one year units, then the quality of financial reports increased by 0.206. View from the output of SPSS 25, it is known that the value of t count $>$ t table is $2.190 > 1.985$ with a significant level of $0.031 < 0.05$, so it can be interpreted that there is direct relationship between application accountancy based SAK EMKM with quality report finance SMEs. The higher the application of accounting based on SAK EMKM, the the more tall also quality financial statements MSME resulting from.

This is evidenced by the calculation of the average respondents' answers in filling out statements related to the application of -based accounting SAK EMKM (X3). From results calculation average the could It is known that the majority of respondents answered strongly agree as much as 58 people or 58% and agree as many as 31 people or 31%. Whereas on quality report finance MSME (Y) majority respondent answer very agree as much 60 person or 60% and agree as much 31 person or 31%, it means majority respondent want to and already prepare financial reports in accordance with MSME financial standards which apply that is SAK EMKM. On variable application accountancy based on SAK EMKM (X3) respondents who answered neutral were 7 person or 7% and no agree as much 4 person or 4%. Variable quality of MSME financial reports (Y) respondents who answered neutral as many as 7 people or 7% and disagree as much as 2 people or 2%, This means that there are still respondents who have not applied -based accounting SAK EMKM in preparing the company's financial statements, they assume that the financial statements are in accordance with SAK EMKM difficult and need a lot cost in process the arrangement.

Answer respondent which by positive answer very agree the could taken conclusion that accountancy based SAK EMKM make it easy in composing report finance, more effective and efficient. The application of accounting based on SAK EMKM has positive relationship to the quality of MSME financial reports. It means, composing report finance which good must based on standard applicable financial statements so that the resulting financial statements are also quality.

Results study this in line with study before which conducted by Nursalim, et al (2019) and Sri Ayem, et al (2020), where the results of his research stated that the application of accounting based on SAK EMKM has a positive effect on the quality of MSME financial reports. Because basically, the preparation of good MSME financial reports must be based on the applicable financial standards for MSMEs, namely: SAK EMKM. So, the higher the application of accounting-based SAK EMKM so the more tall also quality report finance SMEs produced. While the results of the researchers above are contradictory with study which conducted by Cahyani, et al (2020) which state that application accountancy based SAK EMKM no take effect to quality report finance SMEs.

Hypothesis fourth in study this that is test influence owner's perception of the objectives of financial statements, competence of resources people and the application of accounting based on SAK EMKM to quality MSME financial reports. It can be seen from the calculated F value > F table, namely of $30.850 > 2.698$ with a significance level of $0.000 < 0.05$ which it means that Ho4 is rejected and Ha4 is accepted. So, the perception of the upper owner destination report finance, competence source power man and the application of accounting based on SAK EMKM simultaneously has an effect positive and significant to quality report finance SMEs.

If there is a unidirectional relationship between the owner's perception of the goal, report finance, competence source power man and application accounting based on SAK EMKM, it can be said that the hypothesis the take effect positive and significant. Report finance can said to be qualified if the financial statements are relevant in accordance with real data, right in the inclusion of items, can be compared with financial statements and can be understood by those who interested. Where when perception owner on destination report finance, source competence power man and application of accounting Based on SAK EMKM simultaneously increases, the quality of the report finance MSME also increase, so vice versa.

Research result it is supported by study which conducted by Abdallah, et al (2020), Agustina (2020) and Nursalim, et al (2019) where the results of the study indicate that the owner's perception of the report finance, competence source power man and application SAK EMKM-based accounting affects the quality of reports finance SMEs.

The coefficient of determination is used to show how much big influence variable independent to variable dependent. Based on the test results in the table, it is known that the R Square value obtained by 0.491, it can be interpreted that the owner's perception on destination report finance, competence source power man and application accountancy based SAK EMKM capable influence quality report finance MSME in Regency Ponorogo as big as 49.1% - 50.9% influenced by factors other outside study this.

6. CONCLUSION

The conclusion that can be drawn from this study is that the owner's perception variable on the purpose of financial statements has a positive and partially significant effect on the quality of MSME financial reports in Ponorogo Regency. The variable of human resource competence has a positive and partially significant effect on the quality of MSME financial reports in Ponorogo Regency. The variable of accounting application based on SAK EMKM has a positive and partially significant effect on the quality of MSME financial reports in Ponorogo Regency. The owner's perception variable on the purpose of financial statements, human resource competence, and the application of accounting based on SAK EMKM have a simultaneous effect on the quality of MSME financial reports in Ponorogo Regency.

The limitation of this study is that the researcher did not assist directly in filling out the questionnaire, thus allowing the respondent's lack of understanding. The advice given is that MSMEs are expected to be able to compile more detailed financial reports following applicable standards. For further researchers, if they want to conduct similar research, they are expected to be able to assist respondents directly in filling out questionnaires. SMEs in Ponorogo continue to increase.

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