TECHNIUM
SOCIAL SCIENCES JOURNAL

Vol. 13, 2020

A new decade for social changes

www.techniumscience.com

ISSN 2668-7798

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

The importance of socializing Indonesian financial accounting standards for SMEs (small and medium, enterprise) in increasing accounting understanding and its implementation

Hamdani[1], Siti Chanifah[2], Yuli Anwar[3]

[1 2]Department of Management, Universitas Muhammadiyah Tangerang, Tangerang, Indonesia, [3]Department of Management, Universitas Binaniaga, Indonesia, Bogor, Indonesia

juli_anwar@yahoo.com[3]

Abstract. The research aims to examine the effect of socialization on accounting understanding and its implementation. This research was conducted at SMEs in the province of Banten with 66 research samples. The research variables consisted of exogenous variables is Indonesian Financial Accounting Standard for SMEs (IFAS SMEs socialization) and intervening variables is accounting understanding, and endogenous variables are the implementation of IFAS SMEs. Data was collected through field surveys using questionnaires and direct interviews to obtain complete information. Support theoretical argumentation, a literature study was conducted. Furthermore, structural model testing (inner models) and hypothesis testing. The results showed that the socialization of IFAS SMEs had a positive and significant effect on the implementation. The socialization of IFAS SMEs has a positive and significant effect on the understanding of accounting and has implications for the implementation of IFAS SMEs for SMEs. The IFAS SMES socialization needs to be carried out by the Cooperative and SMEs Office and professional institutions, such as Institute of Indonesian Chartered Accountant (IAI), to provide understanding to the SMEs, so that they can implement it in business practices. The SMEs must participate in the socialization activities, so that understanding of accounting increases and can implement it.

Keywords. socialization, understanding of accounting, implementation, IFAS SMEs, Indonesia

Introduction

Small and Medium Enterprises have an important role in national economic growth. The large contribution from SMEs can contribute to the community in terms of providing employment and helping the government in reducing poverty due to economic pressures due to the difficulty of finding work. From a total of 64,194,057 SMEs in Indonesia, its existence can employ 116,978,631 people and contribute to the GDP of 4,038,598.5 billion (Depkop, 2018). Significant development of SMEs also occurred in province of Banten, where there were 157,599 SMEs (Depkop, 2018). The importance of IFAS SMEs, support from all parties is needed to develop and realize advanced, independent and modern SMEs.

SMEs often experience several problems, including the capital, marketing, management and human resources (Sulistyo, 2010:58). Other problems faced by SMEs are low education, lack of understanding of information technology, and obstacles in preparing financial reports

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

(Muchid, 2012). Another fact revealed by (Anisah & Pujiati, 2018:45), where there is the unpreparedness of SMEs to make financial reports following the Financial Accounting Standards of Small and Medium Enterprises. The problem, because it does not have human resources that specifically understand accounting in making financial statements. SMEs are aware of the importance of accounting and financial reporting following Indonesian GAAP, especially to see their business performance. But with all its limitations, they feel they are not ready to implement IFAS SMEs even though they have participated in socialization and training.

The application of accounting at SMEs still tends to below. For most SMEs, accounting is not done in business financial management because they feel they do not need accounting information. Although they already know the benefits of gaining gained from applying to account, there tends to be no willingness and ability to apply accounting in the financial management of their businesses. They tend to assume that accounting is difficult and complicated to implement (Puspitaningtyas & Jember, 2017:365). Most SMEs do not do complete accounting records because they think there is no need to keep accounting records that describe the financial position of the company (Amoako, 2013).

Recognizing the important role of SMEs in advancing the national economy, in 2009 the Indonesian Institute of Accountants Financial Accounting Standards Board issued SMEs as a form of support to encourage the development and growth of SMEs in Indonesia. Furthermore, on October 24, 2016, the Indonesian Institute of Financial Accounting Standards Board of Accountants again endorsed IFAS SMEs, which became effective as of January 1, 2018. Specifically, this IFAS SMEs became a guideline for SMEs in preparing financial statements, because it was considered simpler and easier to apply. Nevertheless, in practice, it is not easy for SMEs to implement it. One of the reasons is due to the lack of socialization, so the lack of understanding of IFAS SMEs. Lack of understanding of IFAS SMEs, finally the SMEs make financial statements according to their abilities, even though they do not meet applicable standards.

Knowledge of the importance of financial statements for SMEs is still minimal; they have not realized and felt the benefits obtained. Most are still afraid that their finances cause the government will know, and the company must pay taxes. SMEs can object to tax payments if they are not yet economically capable. The benefits they will get are far greater if they make financial reports every year. The business they run will be well recorded, making it easier to conduct business evaluations. SMEs need understanding and socialize, so they are motivated to manage their business professionally. Professional management encourages it to work efficiently and effectively so that its performance can be recorded well in financial statements which then become bargaining power in gaining access to capital (Silvia & Azmi, 2019:58).

The SMEs still find it difficult to prepare financial statements as they should (Setiyawati & Hermawan, 2018:161). With all these limitations, it is necessary to continue the IFAS SMEs socialization so that the accounting understanding of SMEs actors increases, because a good knowledge of accounting is the basis for implementing IFAS SMEs. From the background description above, it is interesting to research the title "The Importance of IFAS SMEs Socialization for SMEs Players in Improving Accounting Understanding and Its Implementation".

Literature review and hypothesis development

1. Socialization of IFAS SMEs and Implementation of IFAS SMEs

Socialization is needed for SMEs before they implement IFAS SMEs. By following the socialization activities of SMEs, it will be easier to understand accounting. By understanding

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

accounting, it is easier for SMEs actors to implement it. Wahyuningsih & Widayanti's research (2015:184) has proven that socialization has a positive and significant effect on the implementation of IFAS SMEs. This opinion had done (Dewi et al., 2017), (Anisykurlillah & Rezqika, 2019:33), and (Badria & Diana, 2018), which states that socialization is essential to be carried out and has a positive and significant effect on the implementation of IFAS SMEs. The same study was conducted by Adhikara (2018:58), which states that the level of information and information dissemination on IFAS SMEs has a positive and significant effect on the understanding of SMEs entrepreneurs about IFAS SMEs. From the description above, the hypothesis as follows:
H1: There is an influence of IFAS SMEs socialization on the implementation of IFAS SMEs.

1. Socialization of IFAS SMEs and Understanding of Accounting and Its Implementation
The IFAS SMEs socialization conducted by the Office of Cooperatives and SMEs or from the Indonesian Institute of Accountants, is essential for SMEs to understand accounting. According to Adhikara (2018:58), that the level of information and information dissemination on IFAS SMEs had a positive and significant effect on the understanding of SMEs entrepreneurs about IFAS SMEs. If employers get information and outreach well, then their knowledge of IFAS SMEs will be better. A good understanding can support the process of implementing IFAS SMEs (Rudiantoro & Siregar, 2012:6). Understanding accounting means understanding the accounting and preparation of SMEs financial statements. Someone follows and is good at accounting is to know how the process brings out to produce financial reports following IFAS SMEs. Understanding of MSME actors towards financial statements following accounting standards will support the process of implementing financial statements based on IFAS SMEs, so that it can help SMEs in developing their businesses (Kusuma & Lutfiany, 2019:13). From the description above, the hypothesis as follows:
H2: There is an influence of IFAS SMEs socialization on the understanding of accounting and its implications for implementing IFAS SMEs.

Methodology

1. Research Design
Based on the preliminary, previous research and hypotheses above, the framework of the study as follows:

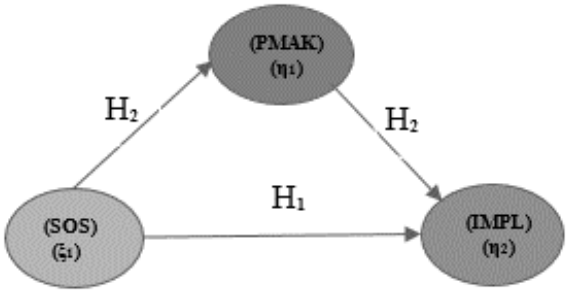

Figure 1. Research framework

2. Population and Sample
The study was conducted at SMEs in province of Banten in 2020. To determine the minimum number of samples in the study using the rules of thumb formula as revealed by Tabachnick & Fidell (1996), namely $n \geq 50 + 8$ (m), where "m" is the number of variables independent (IFAS SMEs socialization and accounting understanding). For the knowledge of accounting variables, in addition to being intervening as well as an independent variable. Based on the calculation of

rules of thumbs, a count of 50 + 8 (2), so the number of samples minimum is 66 or higher. To avoid the possibility of questionnaires not returning or incomplete, the number of questionnaires distributed by 100 respondents as SMEs in province of Banten.

3. Variable Definition and Measurement

The definition and measurement of variables are carried out based on appropriate levels and effectiveness, using a Likert scale.

The independent variable (exogenous variable) in this study is IFAS SMEs socialization. Information dissemination on IFAS SMEs defines as providing information or training related to IFAS SMEs by related parties who can provide IFAS SMEs socialization (such as the Office of Cooperatives and SMEs). This variable uses questions regarding the research indicators (Rudiantoro & Siregar, 2012) and (Kusuma & Lutfiany, 2019).

The dependent variable (endogenous variables) in this study is the implementation of IFAS SMEs. Application of IFAS SMEs is the adoption of IFAS SMEs to assist SMEs in Indonesia in preparing financial reports. The variable implementation of IFAS SMEs is measured by questions/statements by referring to the instruments developed by (Pramudiati, 2019) and (Kusuma & Lutfiany, 2019).

The intervening variable in this study is the understanding of accounting. Accounting understanding that is understanding and understanding of accounting knowledge, including accounting and preparation of SMEs business financial statements. Measurement of accounting understanding variables uses questions regarding the instruments developed in the study (Kusuma & Lutfiany, 2019).

4. Data analysis method

The analytical method uses Partial Least Square (PLS). The reason for using this software is because PLS can analyze and test the relationships between variables. Wold (1985) in Ghozali (2014) states that PLS is a powerful analysis method because it has many assumptions. Data do not have to be multivariate normally distributed (indicators with category, ordinal scale, the interval to ratio can be used on the same model), and samples do not have to be significant. The following are the stages of testing in PLS:

a. Testing the Measurement Model (Outer Model)

The aim is to test the reliability and validity of the items or indicators that form the construct (Ghozali and Latan, 2014)—testing the outer model with reflexive indicators, namely: convergent validity, discriminant validity, and composite reliability. The concurrent validity test of the measurement model with reflexive signs assessed based on the correlation between item score/component score and construct score calculated by PLS. With the provision of loading values from 0.50 to 0.60 (Chin, 1998 in Ghozali, 2014: 39). To find out the results of discriminant validity, it can be seen from the effects of cross-loading between indicators and their constructs (Ghozali, 2014). The method for evaluating discriminant validity is to compare the square root value of the average variance extracted (AVE). A good AVE value must be greater than 0.50 (Fornell and Larker, 1981, in Ghozali, 2014). Composite reliability is used to measure the reliability of indicators that measure constructs. A construct is declared reliable if the composite reliability value is above 0.70 (Ghozali and Latan, 2014: 95).

b. Structural Model Testing (Inner Model)

The purpose of measuring the structural model is intended to determine the effect between variables or constructs in the model (Ghozali and Latan, 2014: 15). Inner models or architectural

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

models are evaluated with the following stages: First, test the Adjusted R-Squares with the provisions that the value of Adjusted R-Squares ≤ 0.70 (strong), ≤ 0.45 (moderate), ≤ 0.25 (weak) (Ghozali and Latan, 2014: 106). Second, test Q-Square with the provisions of Q-Square> 0 (Sholihin and Ratmono, 2013: 72-73). Third, examine the effect Size (f2) or partial F-test with the provisions that the effect size of 0.02 is said to be weak, 0.15 is said to be medium, and 0.35 is said to be strong. Fourth, evaluate the model so that it meets the Fit Model requirements:

1) Evaluate average pat coefficient (APC) and average R-Squared (ARS), average adjusted R-Squared (AARS). Provisions of p values for APC, ARS, and AARS must be <0.05 at the 5% significance level (Kock, 2013: 48 in Ghozali and Latan, 2014: 102).
2) Evaluate average block variance inflation factor (AVIF) and average full collinearity variance inflation factor (AFVIF). AVIF and AFVIF values must be ≤ 3.3 (Kock, 2013: 48 in Ghozali and Latan, 2014: 102) and ≤ 5 are still acceptable (Ghozali and Latan, 2014: 102).
3) Evaluation of tenenhaus GoF with the provisions of GoF values: ≥ 0.10 (weak), ≥ 0.25 (intermediate) and ≥ 0.36 (large).
4) Test Symson's paradox ratio (SPR) and R-Squared contribution ratio (RSCR) with ideal conditions = 1, but values ≥ of 0.7 are still acceptable.
5) Test statistical suppression ratio (SSR) and nonlinear bivariate causality direction ratio (NLBCDR), with the condition that it must be ≥ 0.7.

c. Hypothesis Testing

Model 1

The structural model below was formed to test hypotheses 1 and 2.

Hypothesis 1.

There is an influence of IFAS SMEs socialization on the implementation of IFAS SMEs.

Hypothesis 2.

There is an influence of IFAS SMEs socialization on the understanding of accounting and its implications for implementing IFAS SMEs.

Model 1 is the addition model with the following equation:

$\eta 1 = \gamma 1.1 \xi 1 + \beta\ 1.2\ \eta 2 + \zeta 1$ …… (1)

If the constructed model is converted into a structural model, it will become:

IMPL = γ1.1SOS + β 1.2 PMAK + ζ1 ……. (2)

Where:

IMPL : implementation of IFAS SMEs
SOS : socialization of IFAS SMEs
PMAK: understanding of accounting
γ1.1 : regression coefficient between exogenous latent variables (SOS) and endogenous latent variables (IMPL) from ξ1 to η1 (gamma 1.1)
β 1.2 : regression coefficient between endogenous latent variables (PMAK) and latent variables endogenous (IMPL) from η2 to η 1 (beta 1.2)
ζ1 : residual regression (zeta 1) endogen variable.
η1 : endogen variable (IMPL) laten η1 (eta 1)
η2 : endogen variable (PMAK) laten η2 (eta 2)
ξ1 : latent exogenous (independent) SOS

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

The figure of a second-order construct is below:

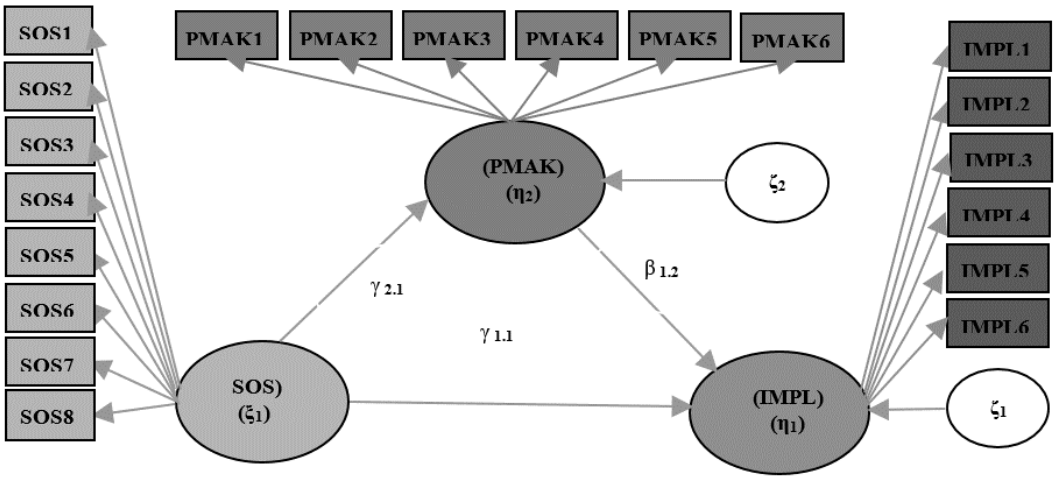

Figure 2. Second order construct

Analysis and finding

1. Questionnaire Distribution

The sample in this study was SMEs in province of Banten. 100 respondents distributed the questionnaires, 72 questionnaires were returned. Sixty-six inquiries that could be processed were 66, questionnaires that could not be processed because it was incomplete as many as 6. To accommodate the small number of samples, this study used partial least square (PLS) software. Where PLS as a research solution with small sample size is often referred to as soft modelling. The number of samples is 66 respondents, meaning that this study has fulfilled the recommended minimum sample of 30 to 100 samples (Ghozali and Latan, 2014).

2. Respondent Demographics

Demographics of respondents by sex were dominated by men with 52 or 79% and women with 14 or 21%. Based on age, it is dominated by age> 34 years with 41 or 62%. Age 25-34 years as many as 18 people or 27% and age <25 as many as 7 or 11%. Based on the amount of net wealth owned by SMEs is dominated by the owner of the wealth of Rp. 50,000,000 19 or 29%. Net worth> Rp. 50,000,000 as many as 28 people or 42% and net worth of Rp. 500,000,000 as many as 19 people or 29%. The majority of trade types are 41 or 62%. For services as much as 14 or 21% and others as much as 11 or 17%.

3. Descriptive Statistics

a. Socializing of IFAS SMEs

Table 1. Descriptive Statistics of SAK EMKM Socialization

No	Variable Indicator	N	Min	Max	Mean	Standard Deviation
1	SOS1	66	1.00	4.00	1.8182	0.95931
2	SOS2	66	1.00	5.00	1.6818	0.97915
3	SOS3	66	1.00	5.00	1.8788	0.96898
4	SOS4	66	1.00	4.00	1.5758	0.91249
5	SOS5	66	1.00	4.00	2.0152	0.93632
6	SOS6	66	1.00	4.00	2.2424	1.03865

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

No	Variable Indicator	N	Min	Max	Mean	Standard Deviation
7	SOS7	66	1.00	4.00	1.8182	0.97522
8	SOS8	66	1.00	5.00	1.8939	1.03966

Source: Raw data processed

Indonesian Financial Accounting Standards for Small and Medium Enterprise socialization activities participated in by SMEs through seminars or training showed a minimum score on a scale of 1, a maximum value on a scale of 4, an average value of 1.8182 and a standard deviation amounted to 0.95931. The average respondent stated that he had never participated in a socialization activity regarding Financial Accounting Standards for Small and Medium Enterprises through seminars or training.

The socialization activities of Financial Accounting Standards for Small and Medium Enterprises conducted by the Office of Cooperatives and SMEs show a minimum score on a scale of 1, a maximum value on a scale of 5, a mean value of 1.6818 and a standard deviation of 0.97915. The average respondent stated that he had never participated in a socialization activity regarding Financial Accounting Standards for Small and Medium Enterprises, which was carried out by the Office of Cooperatives and SMEs.

The socialization activities related to the preparation of financial statements show a minimum score on a scale of 1, a maximum value on a scale of 5, a mean value of 1.8788 and a standard deviation of 0.96898. The average respondent stated that he had never participated in a socialization activity related to the preparation of financial statements.

Socialization activities to find out the development of the Small and Medium Enterprises Financial Accounting Standards show the minimum score on a scale of 1, the maximum value on a scale of 4, the average (mean) of 1.5758 and the standard deviation of 0.91249. The average respondent stated that he had never participated in an activity to find out the latest developments in the Financial Accounting Standards for Small and Medium Enterprises.

Socialization activities to increase knowledge and understanding of accounting show a minimum score on a scale of 1, a maximum value on a scale of 4, an average value of 2.0152 and a standard deviation is 0.93632. The average respondent stated that he rarely participated in activities to increase knowledge and understanding of accounting.

Information that is known by SMEs about the socialization of Financial Accounting Standards for Small and Medium Enterprises through the media: internet, tv, etc. shows the minimum score on a scale of 1, the maximum value on a scale of 4, the average value (mean) is 2.2424, and the standard deviation is 1.03865. The average respondent stated that he was very rarely aware of the socialization of Financial Accounting Standards for Small and Medium Enterprises through the media: internet, tv, and others.

Follow-up actions taken by SMEs after participating in the socialization of Small and Medium Enterprises Financial Accounting Standards showed a minimum score on a scale of 1, a maximum value on a scale of 4, an average value of 1.8182 and a standard deviation of 0.97522. The average respondent stated that he never followed up on the results of the socialization Standards for Financial Accounting for Small and Medium Enterprises.

The socialization followed by the SMEs actors on Financial Accounting Standards for Small and Medium Enterprises was able to improve accounting understanding and improve performance, showing a minimum score on a scale of 1, a maximum value on a scale of 5, a mean value of 1.8939 and the standard deviation of 1.03966. The average respondent stated that after participating in the socialization of Financial Accounting Standards for Small and Medium

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

Enterprises, it has not been able to improve accounting understanding and the performance of SMEs did not increase.

b. Accounting Understanding

Table 2. Descriptive Statistics of Accounting Understanding

No	Variable Indicator	N	Min	Max	Mean	Standard Deviation
1	PMAK1	66	1.00	5.00	3.0000	0.87706
2	PMAK2	66	1.00	5.00	3.3788	0.94079
3	PMAK3	66	1.00	5.00	3.0303	0.92769
4	PMAK4	66	1.00	5.00	2.6212	0.89038
5	PMAK5	66	1.00	5.00	2.6364	0.97091
6	PMAK6	66	1.00	5.00	2.6667	1.01274

Source: Raw data processed

The understanding of SMEs about accounting transactions shows the minimum score on a scale of 1, the maximum value on a scale of 5, the mean value of 3.0000 and the standard deviation of 0.87706. The average respondent stated that he understood the understanding of transactions in accounting.

Furthermore, in transactions conducted by SMEs whether supported by transaction evidence as a basis for recording in accounting, it turns out that respondents' answers showed a minimum value on a scale of 1, a maximum value on a scale of 5, an average value (mean) of 3.3788 and a standard deviation of 0.94079. The average respondent stated sufficiently accompanied by proof of the transaction as a basis for recording in accounting.

The understanding of SMEs about the stages of accounting activities up to making financial statements shows the minimum value on a scale of 1, the maximum value on a scale of 5, the average value (mean) of 3.0303 and the standard deviation of 0.92769. The average respondent stated that he understood enough about the stages of accounting activities to make financial statements.

The understanding of SMEs regarding accounting records in accordance with the Financial Accounting Standards of Small and Medium Enterprises shows a minimum value on a scale of 1, a maximum value on a scale of 5, a mean value of 2.6212 and a standard deviation of 0.89038. The average respondent stated that he did not understand the stages of accounting activities until he made a financial report.

The understanding of SMEs about the preparation of financial statements in accordance with the Financial Accounting Standards for Small and Medium Enterprises shows a minimum value on a scale of 1, a maximum value on a scale of 5, a mean value of 2.6364 and a standard deviation of 0.97091. The average respondent stated that he did not understand about the preparation of financial statements in accordance with the Financial Accounting Standards for Small and Medium Enterprises.

The understanding of SMEs actors on how to make financial reports in accordance with the Financial Accounting Standards of Small and Medium Enterprises shows a minimum value on a scale of 1, a maximum value on a scale of 5, an average value of 2.6667 and a standard deviation is 1.01274. The average respondent stated that he did not understand how to make financial reports in accordance with the Financial Accounting Standards for Small and Medium Enterprises.

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

c. Implementation of IFAS SMEs

Table 3. Descriptive Statistics of IFAS SMEs

No	Variable Indicator	N	Min	Max	Mean	Standard Deviation
1	IMPL1	66	1.00	5.00	3.1364	1.14873
2	IMPL2	66	1.00	5.00	2.7121	1.19955
3	IMPL3	66	1.00	5.00	2.5303	1.39471
4	IMPL4	66	1.00	5.00	2.6667	1.26896
5	IMPL5	66	1.00	5.00	2.5758	1.31337
6	IMPL6	66	1.00	5.00	2.5606	1.20421

Source: Raw data processed

Respondents' answers about the financial statements were made in a timely manner indicating a minimum score on a scale of 1, a maximum value on a scale of 5, an average value of 3.1364 and a standard deviation of 1.14873. The average respondent stated that sometimes financial reports are made by SMEs.

Respondents' answers about the financial statements prepared by SMEs are presented manually according to the Financial Accounting Standards for Small and Medium Enterprises, showing the minimum score on a scale of 1, the maximum value on a scale of 5, the average value (mean) of 2.7121 and the standard deviation of 1.19955. The average respondent stated that financial reports that are made manually are very rarely in accordance with the Financial Accounting Standards for Small and Medium Enterprises.

Respondents' answers about the financial statements prepared by SMEs are computerized according to the Financial Accounting Standards for Small and Medium Enterprises, showing a minimum score on a scale of 1, a maximum value on a scale of 5, a mean value of 2.5303 and the standard deviation of 1.39471. The average respondent stated that computerized financial statements are very rarely in accordance with the Financial Accounting Standards for Small and Medium Enterprises.

Respondents' answers about the lack of understanding of accounting led to improper financial statements that were not in accordance with the Financial Accounting Standards for Small and Medium Enterprises. Evidenced by the minimum score on a scale of 1, the maximum value on a scale of 5, the mean value of 2.6667 and the standard deviation of 1.26896. Because of a lack of understanding of accounting, the financial statements made by SMEs are very less in accordance with the Financial Accounting Standards for Small and Medium Enterprises.

The implementation of Financial Accounting Standards for Small and Medium Enterprises sometimes does not adequately describe the condition of the internal business environment that is run by SMEs. Evidenced by the minimum score on a scale of 1, the maximum value on a scale of 5, the mean value of 2.5758 and the standard deviation of 1.31337. That is when the SMEs implement Financial Accounting Standards for Small and Medium Enterprises very rarely describe the internal environmental conditions of the business being run.

The implementation of Financial Accounting Standards for Small and Medium Enterprises rarely describes the external environmental conditions of businesses run by SMEs. Evidenced by the minimum score on a scale of 1, the maximum value on a scale of 5, the mean value of 2.5606 and the standard deviation of 1.20421. That is when the SMEs implement Financial Accounting Standards for Small and Medium Enterprises very rarely describe the external environmental conditions of the business being run.

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

4. Evaluation Results of Measurement Model

From the data obtained, the Partial Least Squares (PLS) test is then performed as follows:

a. Outer Model/Measurement Model Results

In reading the results of the outer model/measurement model, there are three criteria to judge, namely convergent validity, composite reliability, and discriminant validity.

1) Convergent validity

The four constructs in this study, they are IFAS SMES socialization, accounting understanding and implementation of IFAS SMES as a construct with reflective indicators. The variable reflective size is said to be high if it correlates more than 0.70 with the construct that is to be measured (Chin, 1998 in Ghozali, 2014: 39). However for exploratory research, more than 0.6 is considered sufficient (Chin (1998), Chin (2010b), Hair et al. (2010), Hair et al. (2012), in Latan and Ghozali, 2012: 81).

The loading values of IFAS SMES latent variable socialization indicators are SOS1 (0.824), SOS2 (0.826), SOS3 (0.855), SOS4 (0.870), SOS5 (0.855), SOS6 (0.673), SOS7 (0.871) and SOS8 (0.791). For accounting understanding, namely PMAK1 (0.882), PMAK2 (0.809), PMAK3 (0.911), PMAK4 (0.922), PMAK5 (0.902), and PMAK6 (0.896). For the implementation of IFAS SMES, namely IMPL1 (0.739), IMPL2 (0.811), IMPL3 (0.852), IMPL5 (0.884), and IMPL6 (0.913). The loading value of the latent variable indicator meets the convergent validity requirements because it has a value of more than 0.6. For the IMPL4 indicator, it was declared not eligible because it was less than 0.6, so it was excluded from the calculation.

2) Discriminant validity

Discriminant validity can be seen from cross-loading. The construct indicator correlation value must be greater than the correlation value between the indicator and other constructs. From the test results obtained that the loading value for all indicators both IFAS SMEs socialization, accounting understanding, and implementation of IFAS SMEs have a greater value than the value of the correlation construct indicators. The Average Variance Extracted (AVE) values of SOS, PMAK and IMPL were 0.677, 0.788 and 0.709, respectively, fulfilling the requirements above 0.50.

3) Composite reliability

Each construct with reflective indicators is very reliable because it has high composite reliability and Cronbach alpha that is above 0.7. The composite reliability results show satisfactory values where each value exceeds 0.7, namely: 0.943 for the IFAS SMEs Socialization construct (SOS), 0.957 for the Accounting Understanding construct (PMAK), and 0.924 for the construct of IFAS SMEs Implementation (IMPL). Cronbach's alpha values indicate each value exceeds 0.7, namely: 0.931 for the IFAS SMES Socialization construct (SOS), 0.946 for the Accounting Understanding construct (PMAK), and 0.896 for the construct of IFAS SMEs (IMPL).

b. Results of inner models or structural models

Adjusted R-Square construct of accounting understanding of 0.094 shows that PMAK variations can be explained by 9.4% by variations of SOS and IMPL. R-Adjusted R-Square IMPL construct of 0.610 shows that IMPL variation can be explained by 61.0% by variations of SOS and PMAK. In addition to seeing the Adjusted R-Square value, the PLS model is also

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

evaluated by looking at Q-Square (usually called the Stoner-Geisser Coefficient). Q-Square is used to measure how well the value of observations produced by the model and also the estimated parameters (Ghozali, 2014: 41). Q-Square can be negative while R-Square is always positive. Models with predictive validity must have a Q-Square value greater than zero (Sholihin and Ratmono 2013: 72-73). The estimation results of the research model show good predictive validity, i.e. (0.109 and 0.618) because the value is above zero.
The effect size of the effect of SOS on PMAK was 0.108, the effect of SOS on IMPL was 0.160 and the effect of PMAK on IMPL was 0.462. Effect sizes that are classified as a medium are the influence of SOS-PMAK (0.108) and SOS-IMPL (0.160). Effect size that is classified as large is the influence of PMAK-IMPL (0.462) because of ≥ 0.35 (Ghozali and Latan, 2014: 106). With the help of the WarpPLS 4.0 Program the fit index can be obtained as follows:

Table 4. Model fit and quality indices

Model fit and quality indices

Average path coefficient (APC)=0.423, P<0.001
Average R-squared (ARS)=0.365, P<0.001
Average adjusted R-squared (AARS)=0.352, P<0.001
Average block VIF (AVIF)=1.121, acceptable if <= 5, ideally <= 3.3
Average full collinearity VIF (AFVIF)=2.063, acceptable if <= 5, ideally <= 3.3
Tenenhaus GoF (GoF)=0.514, small >= 0.1, medium >= 0.25, large >= 0.36
Sympson's paradox ratio (SPR)=1.000, acceptable if >= 0.7, ideally = 1
R-squared contribution ratio (RSCR)=1.000, acceptable if >= 0.9, ideally = 1
Statistical suppression ratio (SSR)=1.000, acceptable if >= 0.7
Nonlinear bivariate causality direction ratio (NLBCDR)=1.000, acceptable if >= 0.7

Source: Raw data processed

The criteria for goodness of fit model have been fulfilled, as evidenced by the APC value = 0.423, ARS = 0.365, AARS = 0.352 with a significance value of p <0.01. AVIF value of 1,121 less than 5 meets the criteria. Thus the proposed model is supported by data. P values for APC and ARS, AARS indicators are needed because they are calculated as parameter averages. While AVIF as an indicator of multicollinearity must be smaller than 5, meaning that there is no multicollinearity in the model. The resulting GoF is 0.514> 0.36, which means that the model fit is very good. For Sympson's paradox ratio (SPR) = 0.514, R-squared contribution ratio (RSCR) = 1,000, Statistical suppression ratio (SSR) = 1,000, and Nonlinear bivariate causality direction ratio (NLBCDR) = 1,000. Each has a value of ≥ 0.7, which means there is no causality problem in the model. This research was done iteratively by using 300 samples of resampling (bootstrapping) method.

5. Hypothesis Testing Results and Discussion

The following results of testing hypotheses that illustrate the effect of a construct on other constructs can be seen in the figure below:

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

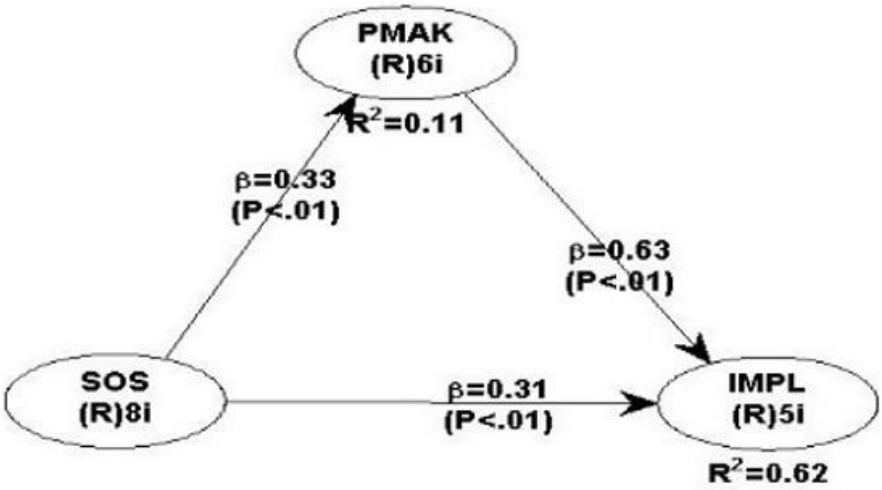

Figure 3. Relationship between construct

The test was conducted using a confidence level of 95%. The following are the results of testing the hypotheses of each variable as follows:

a. There is an influence of IFAS SMEs socialization on the implementation of IFAS SMEs.
SEM PLS test results showed that SOS had a positive and significant effect on IMPL as evidenced by a regression coefficient (β) of 0.31 and significant at p <0.01 (below 0.05). Because the p-value is far less than the critical value of 0.05 (5%), it proves statistically that SOS has a positive and significant effect on IMPL. Thus it can be concluded that hypothesis 1 is accepted and rejects H0. This is in line with the research of Wahyuningsih & Widayanti (2015: 184), (Dewi et al., 2017), (Anisykurlillah & Rezqika, 2019: 33), which states that the socialization of IFAS SMEs has a positive and significant effect on the implementation of IFAS SMEs. Even though the IFAS SMEs socialization has not been carried out optimally, it is important that this socialization activity is followed by SMEs actors, so that they are able to implement IFAS SMEs when preparing financial reports on businesses that are being carried out by SMEs actors. According to respondents, IFAS SMEs socialization activities took the form of seminars or training, including socialization activities organized by the Office of Cooperatives and SMEs. Likewise, socialization related to the preparation of financial statements, and the development of IFAS SMEs, was almost never followed by the SMEs. The results of the socialization tend not to be followed up by the SMEs, because after participating in the activity they have not been able to understand accounting, so the performance of SMEs also does not increase. For socialization, increasing knowledge and understanding of accounting is very followed. For the dissemination of IFAS SMEs, it is also rarely known by the SMEs through the media: internet, tv, and others.

b. There is an influence of IFAS SMEs socialization on the understanding of accounting and its implications for the implementation of IFAS SMEs.
SEM PLS test results showed that SOS had a positive and significant effect on PMAK as evidenced by a regression coefficient (β) of 0.33 and significant at p <0.01 (below 0.05). PMAK has a positive and significant effect on IMPL, evidenced by a regression coefficient (β) of 0.63 and significant at p <0.01 (below 0.05). Considering these two channels meet the established criteria, it can be concluded that the socialization of IFAS SMES has a positive and significant effect on accounting understanding and has implications for the implementation of IFAS SMEs.

Technium Social Sciences Journal
Vol. 13, 131-145, November 2020
ISSN: 2668-7798
www.techniumscience.com

For SEM-PLS mediation testing can use the VAF (Variance Accounted For) method by using the formula of indirect effect divided by the total effect. The total effect is the direct effect plus the indirect effect). If the VAF value is above 80% PMAK as full mediation. If the VAF value of 20% -80% is categorized as partial mediation. However, if the VAF is less than 20%, it is said to have almost no mediating effect (Hair et al., 2013 in Sholihin and Ratmono, 2013: 82). Testing of PMAK as a mediator of the effect of SOS on IMPL by calculating VAF values according to the table below:

Table 5. Calculation of VAF Line SOS-PMAK-IMPL

Indirect effect = 0.33 * 0.63 Effect of SOS to PMAK= 0.33 and PMAK to IMPL= 0.63	0.2079
Direct effect SOS to IMPL= 0.31	0.31
Total effect	0.5179
VAF indirect effect divided by total effect = 0.2079/0.5179	0.4014288473

Source: Raw data processed

The VAF calculation results show a value of 0.4014288473 or 40.14288473%. The VAF value is between 20% -80%, so PMAK is categorized as a partial mediation of the effect of SOS on IMPL. Thus H2 is accepted and PMAK as a partial mediator.

The IFAS SMEs socialization activity has an important role in increasing accounting understanding among SMEs (Wahyuningsih & Widayanti, 2015: 184), (Dewi et al., 2017), (Anisykurlillah & Rezqika, 2019: 33). Because with a good understanding can support the process of implementing IFAS SMEs (Rudiantoro & Siregar, 2012: 6). Knowledge of SMEs actors in preparing financial statements in accordance with accounting standards will support the process of implementing financial statements based on IFAS SMEs (Kusuma & Lutfiany, 2019: 13). Socialization activities participated by SMEs actors are still very rare, consequently understanding accounting is still not good. Finally, the SMEs make improper financial reports. Sometimes it is not in accordance with IFAS SMEs. Therefore, the Office of Cooperatives and SMEs and the accounting profession institution, the Indonesian Institute of Accountants (IAI), can maximize the socialization activities on IFAS SMEs, so that the understanding of accounting of SMEs actors increases and can implement them in their business activities.

Conclusions

The IFAS SMEs socialization has a positive and significant effect on the implementation of IFAS SMEs. In this case, the socialization of IFAS SMEs has an important role before implementing IFAS SMEs. Therefore, the socialization needs to be followed by the SMEs so that it can be implemented in the business practices it runs. The socialization of IFAS SMEs has a positive and significant effect on the understanding of accounting so that it has implications for the implementation of IFAS SMEs for SMEs actors. The variable of PMAK as a partial mediation of the effect of IFAS SMEs socialization on the implementation of IFAS SMEs. By participating in the IFAS SMEs socialization, it is expected that SMEs can understand accounting and be able to implement it in business practices.

References

[1] Adhikara, N. D. (2018). Financial Accounting Standards for Micro, Small & Medium Entities (SAK EMKM) Implementation and Factors That Affect It. *JEMA: Jurnal Ilmiah Bidang Akuntansi Dan Manajemen, 15*(2), 50. https://doi.org/10.31106/jema.v15i2.1126

[2] Amoako, G. K. (2013). Accounting Practices of SMEs: A Case Study of Kumasi Metropolis in Ghana. *International Journal of Business and Management*, *8*(24), 73–83. https://doi.org/10.5539/ijbm.v8n24p73

[3] Anisah, N., & Pujiati, L. (2018). Kesiapan Usaha Mikro Kecil dan Menengah Dalam Penerapan Standar Akuntansi Keuangan Entitas Mikro Kecil dan Menengah Untuk Menunjang Kinerja. *JAD: Jurnal Riset Akuntansi & Keuangan Dewantara*, *1*(2), 45–56. https://doi.org/10.26533/jad.v1i2.239

[4] Anisykurlillah, I., & Rezqika, B. (2019). Faktor Yang Mempengaruhi Implementasi Sak Etap Pada Umkm Dengan Ketidakpastian Lingkungan Sebagai Variabel Moderasi. *Jurnal Riset Keuangan Dan Akuntansi*, *5*(1), 18–35. https://doi.org/10.25134/jrka.v5i1.1879

[5] Badria, N., & Diana, N. (2018). Persepsi Pelaku UMKM Dan Sosialisasi SAK EMKM Terhadap Diberlakukannya Laporan Keuangan Yang Berbasis SAK EMKM 1 Januari 2018. *Journal of Chemical Information and Modeling*, *11*(1), 55–66. https://doi.org/10.1017/CBO9781107415324.004

[6] Depkop. (2018). Perkembangan Data Usaha Mikro , Kecil , Menengah Dan Usaha Besar. *Www.Depkop.Go.Id*, *2000*(1), 1.

[7] Dewi, N. A. P. U., Yuniarta, G. A., & Wahyuni, M. A. (2017). Pengaruh Sosialisasi SAK ETAP, Tingkat Pendidikan Pemilik, Dan Persepsi Pelaku UKM Terhadap Penggunaan SAK ETAP Pada UKM Di Kecamatan Buleleng 1. *Jurnal Akuntansi*, *7*(1).

[8] Ghozali, I. (2008). *Konsep dan Aplikasi dengan Program Amos16.0*. Badan Penerbit Universitas Diponegoro : Semarang.

[9] Ghozali, I. (2014). *Structural Equation Modeling Metode Alternatif dengan Partial Least Squares* (PLS). Badan Penerbit Fakultas Ekonomi Undip: Semarang.

[10] Ghozali, I., & Latan, H. (2014). *Partial Least Squares (PLS), Konsep, Metode, dan Aplikasi Menggunakan Program Warppls 4.0*. Badan Penerbit Fakultas Ekonomi Undip: Semarang.

[11] Kusuma, I. C., & Lutfiany, V. (2019). Persepsi Umkm Dalam Memahami Sak Emkm. *Jurnal Akunida*, *4*(2), 1. https://doi.org/10.30997/jakd.v4i2.1550

[12] Muchid, A. (2012). Penyusunan Laporan Keuangan UMKM berdasarkan Standar Akuntansi Keuangan-Entitas Tanpa Akuntabilitas Publik (SAK-ETAP) (Kasus pada UD . Mebel Novel ' l di Banyuwangi). Preparation of Financial Statements UMKM Financially Accounting Standards- Entitie. *Universitas Jember*.

[13] Pramudiati, N. (2019). *Penerapan SAK ETAP , Kinerja Usaha , dan Keberlanjutan UMKM di Provinsi Daerah Istimewa Yogyakarta*. *3*(2), 149–155. https://doi.org/10.26460/AD.V3I2.5190

[14] Puspitaningtyas, Z., & Jember, U. (2017). *MENENGAH*. *XXI*(03), 361–372.

[15] Rudiantoro, R., & Siregar, S. V. (2012). Kualitas Laporan Keuangan Umkm Serta Prospek Implementasi Sak Etap. *Jurnal Akuntansi Dan Keuangan Indonesia*, *9*(1), 1–21. https://doi.org/10.21002/jaki.2012.01

[16] Setiyawati, Y., & Hermawan, S. (2018). Persepsi Pemilik Dan Pengetahuan Akuntansi Pelaku Usaha Mikro Kecil Dan Menengah (Umkm) Atas Penyusunan Laporan Keuangan. *Riset Akuntansi Dan Keuangan Indonesia*, *3*(2), 161–204. https://doi.org/10.23917/reaksi.v3i2.6629

[17] Sholihin, M., & Ratmono D. (2013). Analisis *Structural Equation Modeling Partial Least Squares (PLS)* dengan Warppls 3.0 untuk Hubungan Non Linier Dalam Penelitian Sosial dan Bisnis. CV. Andi Offcet: Yogyakarta.

[18] Silvia, B., & Azmi, F. (2019). Analisis Faktor-Faktor Yang Mempengaruhi Persepsi Pengusaha Umkm Terhadap Laporan Keuangan Berbasis Sak Emkm. *Jurnal Analisis*

Bisnis Ekonomi, *17*(1), 57–73. https://doi.org/10.31603/bisnisekonomi.v17i1.2745

[19] Sulistyo. (2010). Pengembangan Usaha Kecil Menengah Dengan Basis Kerakyataan di Kabupaten Malang. *Ekonomi Modernisasi*, 58–73.

[20] Tabachnick, B. G., & Fidell, L. S. (1996). Using Multivariate Statistics, 3rd ednHarper Collins. *New York*.

[21] Wahyuningsih, E., & Widayanti, R. (2015). Pengaruh Sosialisasi, Tingkat Pemahaman, Motivasi, Kepribadian Terhadap Penerapan Sak Etap Di Kampoeng Batik Laweyan Solo. *Jurnal Paradigma Universitas Islam Batik Surakarta*, *12*(02), 115653.