

## Analysis of Factors Affecting the Implementation of Accounting in Micro, Small, and Medium Enterprises in Woha District, Bima Regency

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### ABSTRACT

This research aims to determine and analyze the influence of education level, business scale, business age, and accounting knowledge on implementing accounting. This research employs a quantitative method. The population in this research consists of 551 Micro, Small, and Medium Enterprises (MSMEs) in Woha District. In contrast, the research sample was obtained using purposive sampling techniques, resulting in a sample size of 50 units. This research comprises four independent variables, namely, education level, business scale, business age, and accounting knowledge, and one dependent variable, the implementation of accounting. The analysis techniques employed include validity testing, reliability testing, normality testing, multicollinearity testing, heteroskedasticity testing, multiple linear regression, the T-test, F-test, and the coefficient of determination. The research results indicate that the level of education, business scale, and business age do not have an impact while accounting knowledge influences the implementation of accounting.

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## **INTRODUCTION**

Micro, Small, and Medium Enterprises (MSMEs) have been chosen by most of the Indonesian population to address social issues. MSMEs are individual business units, typically small in scale and managed by community groups or families (F. A. Lestari et al., 2022). Micro, Small, and Medium Enterprises (MSMEs) are pivotal in economic development and growth. It is because MSMEs serve as crucial participants in economic activities, provide employment opportunities, are significant players in local economies and community empowerment, create new markets, and contribute to the Gross Domestic Product (GDP) and the balance of payments (Sofyan, 2017).

The significant growth of MSMEs in Indonesia has its challenges. If these challenges can be addressed, MSMEs will contribute positively year after year. Common issues MSME businesses face include difficulty obtaining capital business permits, a lack of awareness of tax compliance, limited innovation, and a lack of technological understanding. The main goal is to get more money from banks and other financial institutions so that the business can grow. Financial reports are needed to help decide how to run the business, such as how much to charge for market expansion and how to handle creditors or banks (Mustofa & Sri, 2021).

The resilience of MSMEs in Indonesia was proven during the 1998 crisis when they emerged as the mainstay of Indonesia's economy. This crisis led to a shift in the economic landscape, with large businesses facing bankruptcy and implementing layoffs one by one while MSMEs continued to thrive and persist. MSMEs played a crucial role in the economic recovery of the nation and acted as a savior during that period (Silvia & Fika, 2019). Three reasons enable MSMEs to withstand economic crises. Firstly, MSMEs produce goods and services that are closely tied to societal needs. Secondly, MSME practitioners do not rely on imported goods but instead utilize local resources. Lastly, the capital for MSMEs typically originates from the resources of the practitioners themselves (Suharyanto, 2018).

Given the significant role of MSMEs in the national economy, there is a need for efforts to improve the performance of MSMEs to maintain the stability of the national economy, one of which is through the implementation of accounting (Setiawan, 2019). Accounting is defined as the process of financial data processing within a company based on its activities. In terms of its application, accounting is considered an efficient discipline for conducting and evaluating activities based on the information it generates. Economic decisions are often heavily influenced by accounting information, as it contains quantitative data from economic entities, making it a vital tool in business decision-making (Mustofa & Sri, 2021).

Accounting information can be classified into statutory accounting information, budgetary information, and additional accounting information. Accounting is the process of processing a company's financial data, and accounting knowledge is the body of knowledge that business practitioners possess regarding processing financial data within an organization, providing advantages in decision-making (Hendrawati, 2017).

The application of accounting provides significant benefits to MSMEs by serving as a tool to obtain crucial financial information for business operations. Furthermore, accounting plays a role in decision-making, tracking income and expenses, monitoring business profits, and understanding sales and production trends for MSME practitioners. Beyond just maintaining proper and organized records, implementing accounting in MSMEs can facilitate financial collaborations, including funding from banks (Salmiah et al., 2015).

The importance of applying accounting knowledge in managing the finances of MSMEs has yet to be fully understood by some entrepreneurs. Many small business owners still need to implement proper financial reporting. Typically, MSME practitioners only focus on recording expenses, making it difficult to determine the net profit of the company. As a result, obtaining capital loans from banks becomes challenging, primarily because most MSMEs need help producing high-quality financial reports. In addition to financial reporting, the duration of business operations also influences the considerations of potential investors when entering into partnerships (Susilawati et al., 2017).

Numerous challenges hinder the development of MSME, such as intense business competition, which compels them to enhance their quality continuously. Furthermore, the limited quality of human resources in MSMEs, especially in financial management, accounting, organization, technological proficiency, and marketing, also acts as an inhibiting factor (Dewi et al., 2022).

The presence of MSMEs has been expanding in various regions over time, indicating year-to-year growth in MSMEs. Woha District is one of the districts located within Bima Regency, where most of its population is engaged in agriculture. In addition to farming, Woha District has entrepreneurs involved in various types of businesses, including retail stores, small shops, tailoring, livestock farming, and fast-food restaurants. Woha District serves as the capital of Bima Regency. It acts as the economic center of the regency due to its strategic location in the middle of Bima Regency, covering an area of 105.57 square kilometers. Woha District comprises fifteen villages, including Talabiu, Rabakodo, Tente, Samili, Kalampa, Risa, Dadibou, Penapali, Pandai, Keli, Naru, Nisa, Waduwani, Tenga, and Donggobolo. According to data from the Cooperative and Small and Medium Enterprises (SMEs) Office of Bima Regency for the years 2020–2021, there were a total of 551 units of MSMEs in Woha District, Bima Regency.

The application of accounting in MSMEs in the Woha District is considered low because MSME practitioners need more motivation or desire to engage in recording and bookkeeping that complies with accounting standards. The perception of MSME practitioners is that accounting is perceived as complicated, burdensome, and of little relevance to the sustainability of their businesses. According to Sitoresmi & Fuad (2013), the low adoption of accounting in MSMEs is attributed to several factors, including the education of the owner or manager, business scale, accounting training, business age, and a lack of human resources capable of managing the finances of an MSME following accounting principles. Additionally, MSME practitioners believe that

the use of accounting in financial reports does not have an impact on the sustainability of their businesses.

Based on previous research conducted Naomi (2021), it was found that the owner's education, business scale, company age, and accounting knowledge influence the use of accounting information in MSMEs. Research conducted by Rikah (2021) indicates that the level of education has an impact on the use of accounting information, while business age does not have an impact. Arnetta & Wiwik (2022) also concluded that business size and accounting knowledge impact the understanding of MSME actors in preparing financial statements, while educational background has little impact. The results of this research differ from those conducted by Putra (2019), which stated that the level of education, business scale, business age, and accounting knowledge are not factors influencing MSMEs in the use of computer applications. Research Cahyaningrum & Erry (2021) asserted that the owner's level of education and business scale does not affect the implementation of EMKM Financial Accounting Standards in MSMEs, whereas business age does have an effect. The outcomes from the studies conducted by Puspita & Joko (2019) and Clarisa & Hendra (2022) also indicate that business age and the owner's level of education are independent of the utilization of accounting information.

Based on the description above, it is interesting to research how accounting is implemented in MSMEs in the Woha District, Bima Regency. The research questions include whether the owner's level of education affects the implementation of accounting in MSMEs, whether business scale affects the implementation of accounting in MSMEs, whether business age affects the implementation of accounting in MSMEs, and whether accounting knowledge affects the implementation of accounting in MSMEs. This research aims to determine and analyze the influence of the owner's level of education, business scale, business age, and accounting knowledge on implementing accounting.

## **LITERATURE REVIEW**

### **Stakeholder Theory**

This theory identifies the interconnection or correlation among various parties with interests in the company and how they mutually influence one another. According to Freeman (1984), as cited in (Risal & Endang, 2020), "stakeholder theory is any group or individual who can affect or is affected by the organization's objectives." Companies do not operate solely for themselves; instead, they must be capable of providing added value to interested parties, including owners, the government, investors, and creditors such as banks or Microfinance Institutions (MFIs). The presence of stakeholders plays a crucial role, particularly for MSME.

In connection with this research, stakeholder theory becomes relevant to elucidate the role of accounting applications in MSME. Stakeholders have a right to information about the operations of a company under its management. A strong relationship with stakeholders is crucial to business success, as with their support, company growth can be sustainable. Therefore, accounting information is essential to managing the trust of interested parties and building positive relationships. Accounting data that encompasses the past plays a vital

role in the company's planning and decision-making processes (Risal & Endang, 2020).

***The definition of Micro, Small, and Medium Enterprises (MSMEs) is as follows:***

Following Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs), micro-enterprises are productive businesses owned by individuals or legal entities that meet the criteria for micro-enterprises. On the other hand, small businesses are successful enterprises that are self-sufficient and owned by individuals or legal entities that are not divisions or branches of businesses that are subsidiaries of, under the control of, or in any way related to medium-sized or large businesses. These businesses meet the criteria for small businesses. According to their net assets or annual sales revenue, medium-sized businesses are successful economic entities that are self-sufficient and owned by people or legal entities that are not divisions or branches of businesses that are subsidiaries, controlled, or directly or indirectly associated with small or large businesses.

***Criteria for Micro, Small, and Medium-sized Enterprises***

Micro-enterprises have a net worth of up to Rp. 50,000,000, excluding land and buildings for business premises, and micro-enterprises have an annual turnover of up to Rp. 300,000,000. Small enterprises have a net worth of more than Rp. 50,000,000 up to Rp. 500,000,000, excluding land and buildings for business premises, and small enterprises have an annual turnover of more than Rp. 300,000,000 up to Rp. 2,500,000,000. Medium-sized enterprises have a net worth of more than Rp. 500,000,000 up to Rp. 10,000,000,000, excluding land and buildings for business premises, and medium-sized enterprises have an annual turnover of more than Rp. 2,500,000,000 up to Rp. 50,000,000,000. (Lestari et al., 2019).

***Definition of Accounting***

Accounting can be interpreted from various perspectives, and one standard definition used to explain the term "accounting" is issued by the American Institute of Certified Public Accountants (AICPA) as cited in (Lestari et al., 2019). It states that accounting can be considered a form of art that involves the recording, classification, informative evaluation, and presentation of money, transactions, or financial events of a company, along with the interpretation of their results. According to Harahap (2011), as cited in (Risal & Renny, 2021), accounting involves the recognition, measurement, and communication of economic information as a means to consider in the decision-making process by interested parties. Meanwhile, according to (Warren, 2006), as cited in (Yuliati et al., 2019), accounting is an information system that generates financial reports for stakeholders, providing an overview of the company's financial condition and economic activities.

***Accounting Cycle for MSME***

- a. Keeping Transaction Evidence

Transaction evidence includes invoices, receipts, and transaction records in the entity's operations. This material will serve as the basis for the entity's recording in its journal and financial balance sheet.

b. Journal Entry

The journal contains records related to the grouping of debits and credits to record transactions related to the entity's business operations. With the presence of this journal, outgoing and incoming transactions can be clearly identified.

c. Ledger Entry

This recording is mandatory after journalization. The ledger contains estimates of the impact of financial transactions within the entity.

d. Accounting Balance Sheet

The purpose of the balance sheet is to assess the financial condition of the entity's business. There are two general types of balance sheets, namely the Trial Balance and the Balance Sheet (Financial Position Statement).

e. Financial Statements

Financial statements serve as a representation of a company's financial condition for a specific period, encompassing all aspects of the company's operational activities, including assets, liabilities, income, and overall performance (B. A. H. Lestari et al., 2022).

### ***Owner's Education Level***

The implementation of accounting heavily depends on the skills possessed by business owners, and their education determines the capability of business owners (Sriwahyuni et al., 2016). Education can be classified into three pathways, namely formal, non-formal, and informal. Formal education encompasses a clear and structured hierarchy, such as elementary, secondary, and higher education. Non-formal education provides opportunities to enhance skills outside the formal path with a structured and progressive approach. Meanwhile, informal education involves learning from the surrounding environment, family or through self-directed learning initiatives (Naomi, 2021).

The level of formal education an entrepreneur has obtained affects their capacity to manage a business. Formal education, especially among micro, small, and medium-sized business owners, is crucial in implementing financial accounting and management practices. Accounting application tends to be lower among business owners with lower levels of formal education because accounting concepts are more in-depth at the university level compared to lower levels of education.

### ***Business Scale***

Business size refers to its capacity to manage assets, the number of employees, and income during one accounting period. Business scale is divided into four categories: micro, small, medium, and large. The growth of the number of employees and company income in proportion indicates an increase in the company's scale (Naomi, 2021).

### ***Business Age***

Business age reflects the length of time a company has been in operation. As time progresses, the complexity of a company's information needs increases in line with its development (Setiawan, 2019).

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Accounting knowledge among micro, small, and medium-sized business owners refers to their understanding of accounting concepts (Nabawi, 2018). Accounting involves a series of steps encompassing the identification, recording, classification, analysis, and reporting of financial data for an organization. Business owners acquire accounting knowledge through learning activities that shape their accurate understanding of accounting. This knowledge becomes critical for business owners to effectively manage transactions and present financial reports that support decision-making (Naomi, 2021). An increase in the level of accounting learning will positively broaden the accounting knowledge of business owners, which, in turn, will enhance their ability and understanding to apply accounting concepts in their business operations.

### **Hypothesis**

#### ***The Influence of Owner's Education Level on the Implementation of Accounting***

According to research conducted by (Mutuari & I, 2021), education level influences the preparation of financial reports by MSMEs based on SAK EMKM. The level of education reflects the competence of small business actors, which can be seen in their skills, abilities, and understanding of their responsibilities in the business. Theoretically, individuals with appropriate education should be able to prepare financial reports following SAK EMKM and separate personal finances from business entities (Mutuari & I, 2021). Based on the description above, the proposed hypothesis is as follows:

H1: The education level of business owners impacts the implementation of accounting in MSMEs.

#### ***The Influence of Business Scale on the Implementation of Accounting in MSMEs***

The results of the research conducted by (Siswanti & Indah, 2020) indicate that business scale has a significant, positive influence on the implementation of SAK EMKM. As income increases, the utilization of accounting information becomes more complex. Larger businesses require more information for their operations. Based on the above description, the proposed hypothesis is as follows:

H2: Business scale impacts the implementation of accounting in MSMEs.

#### ***The Influence of Business Age on the Implementation of Accounting in MSMEs***

The research conducted by (Bakdiyanto & Ismunawan, 2022) states that the age of the company has a positive influence on the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). The use of accounting in MSMEs will continue to increase as the business matures. The proposed hypothesis is as follows:

H3: Business age impacts the implementation of accounting in MSMEs.

### *The Influence of Accounting Knowledge on the Implementation of Accounting in MSMEs*

The results of the research by (Arnetta & Wiwik, 2022) indicate that accounting knowledge impacts on the understanding of MSME actors in preparing financial reports based on SAK EMKM.

H4: Accounting knowledge influences on the implementation of accounting in MSMEs.

### *Conceptual Framework*

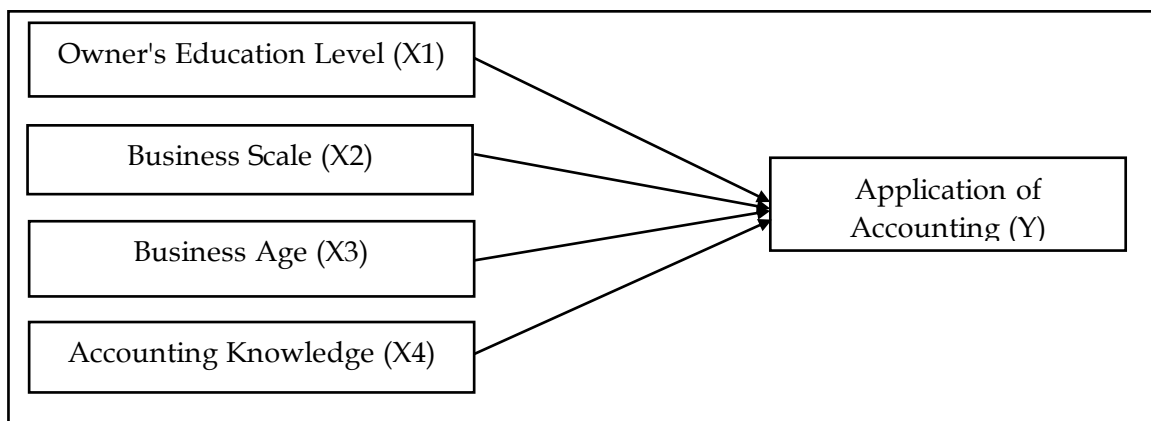


Figure 1. Conceptual Framework

## **RESEARCH METHOD**

This is quantitative research that aims to test a theory collected using instruments or measurement tools and then analyze it using statistics or in a quantitative manner. The quantitative method refers to a research approach based on positivist philosophy. This method is used to look into a specific group of people or sample by using research instruments to gather data, analyzing that data quantitatively or statistically, and then trying to explain and test hypotheses that have already been made (Sugiyono, 2022).

The population in this research consists of all MSMEs in the Woha District of Bima Regency. According to data from the Cooperative and SME Agency for 2021, there are 551 MSME units in the Woha District. In this research, the researcher used a sample to save time and costs, so not all MSMEs were the subjects of the research. This research selected a sample of 50 based on the type of MSMEs present in the Woha District, namely grocery store MSMEs, considering that the number of grocery store MSMEs in the Woha District of Bima Regency is increasing.

This research employed a purposive sampling technique to determine the sample. According to (Sugiyono, 2022), purposive sampling is a sample



determination technique based on specific criteria, allowing the sample to represent the desired population characteristics. There are three criteria used in the sample selection process: (1) Type of grocery store business, (2) MSME owners willing to fill out the questionnaire, and (3) MSMEs located in the Woha District.

The type of data used in this research is primary data obtained from grocery store MSME entrepreneurs in the Woha District. The method of collecting primary data used in this research is through a questionnaire. Several questions were presented to the respondents, who were asked to provide answers based on their opinions. To measure the respondents' opinions and answers, a Likert scale was utilized, starting from the number 1 for "Strongly Disagree (SD)," and ending at the number 4 for "Strongly Agree (SA)." The questionnaire used a Likert scale with scores ranging from 1 to 4.

The data analysis tools used in this research are the validity test, which aims to determine the validity of a measurement instrument, and the reliability test, which aims to assess the extent to which the results of a measurement can be trusted or relied upon. The normality test aims to determine whether, in the regression model, the dependent and independent variables have a normal distribution or not. The multicollinearity test aims to determine whether there is a relationship between each independent variable in the regression model. The heteroskedasticity test aims to test whether there is an inequality in the variance of residuals from one observation to another in the regression model. A multiple linear regression test is used to calculate the magnitude of the influence of independent variables on the dependent variable. Partial test (t) is used to examine the extent to which one independent variable partially influences the dependent variable. The simultaneous test (f) is used to determine the simultaneous influence of independent variables on the dependent variable. The coefficient of determination test aims to determine the ability of independent variables to explain the dependent variable simultaneously.

## RESEARCH RESULTS

### Research Object Description

#### Respondents' Education

Based on respondents' education, the overview of respondents' education is as follows:

Table 1. Respondents' Education

Education	Total	Percentage
Elementary School (SD)	2	4%
Junior High School (SMP)	2	4%
High School/Vocational School (SMA/SMK)	35	70%
Diploma	3	6%
Bachelor's Degree (Sarjana)	8	16%
<b>Total</b>	<b>50</b>	<b>100%</b>

Based on the table above (Table 1), it can be observed that the highest level of education among respondents is mainly at the high school level, with a total of 35 respondents, or 70%. Many respondents did not pursue higher education because they felt that completing their education up to the high school level provided them with sufficient knowledge to start a grocery store business. The second most common education level among respondents is a bachelor's degree (S1), with eight respondents, or 16%. Entrepreneurs who aim to enhance their skills and abilities for business advancement often continue their education to a higher level. From Table 1, it can be noted that there are two respondents each, or 4%, with an education level of elementary school (SD) and junior high school (SMP).

**Respondents' Age**

An overview of the respondents' ages can be seen in the table below:

Table 2. Respondents' Age

<b>Respondents' Age</b>	<b>Total</b>	<b>Percentage</b>
20-40 Years	19	38%
41-60 Years	30	60%
>60 Years	1	2%
<b>Total</b>	<b>50</b>	<b>100%</b>

Table 3 above shows the results of grouping the age levels of owners of grocery store MSMEs in the Woha District. Most respondents are in the 41-60 age group, with 30 individuals, or 60%. Meanwhile, there are only 19 individuals, or 38%, in the 20-40 age group. This result illustrates that the most productive age group for managing grocery store MSMEs, especially in the Woha District, is the 41-60 age group.

**Business Age**

The business age owned by respondents can be seen in the following table:

Table 3. Business Age

<b>Business Age</b>	<b>Total</b>	<b>Percentage</b>
1-10 Years	33	66%
11-20 Years	10	20%
21-30 Years	7	14%
<b>Total</b>	<b>50</b>	<b>100%</b>

Based on Table 3 above, it can be observed that a total of 33 micro, small, and medium-sized enterprises have a business age of 1-10 years, which is approximately 66% of the overall total of MSME.

**Validity Test**

Table 4. Data Validity Test

<b>Variable</b>	<b>Question</b>	<b>Calculated R</b>	<b>&gt;&lt;</b>	<b>R table</b>	<b>Description</b>
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Owner's Education Level	X1.1	0,769	>	0,279	Valid
	X1.2	0,661	>	0,279	Valid
	X1.3	0,729	>	0,279	Valid
	X1.4	0,362	>	0,279	Valid
Business Scale	X2.1	0,778	>	0,279	Valid
	X2.2	0,773	>	0,279	Valid
	X2.3	0,608	>	0,279	Valid
Business Age	X3.1	0,657	>	0,279	Valid
	X3.2	0,870	>	0,279	Valid
	X3.3	0,880	>	0,279	Valid
Accounting Knowledge	X4.1	0,811	>	0,279	Valid
	X4.2	0,845	>	0,279	Valid
	X4.3	0,842	>	0,279	Valid
	X4.4	0,771	>	0,279	Valid
Application of Accounting	Y.1	0,730	>	0,279	Valid
	Y.2	0,789	>	0,279	Valid
	Y.3	0,784	>	0,279	Valid
	Y.4	0,785	>	0,279	Valid
	Y.5	0,707	>	0,279	Valid
	Y.6	0,841	>	0,279	Valid
	Y.7	0,819	>	0,279	Valid
	Y.8	0,576	>	0,279	Valid

Source: SPSS Data Processing

In Table 4, all of the indicators used to measure the variables in this study have correlation coefficients higher than the table value ( $r$ ) of 0.279. It means that the validity test was successful. Therefore, it can be concluded that all questions used to measure the variables owner's education level, business scale, business age, accounting knowledge, and application of accounting can be considered valid.

### *Reliability Test*

Table 5. Reliability Test

<b>Variable</b>	<b>Cronbach's Alpha Value</b>	<b>Description</b>
X1	0,643	Reliable
X2	0,612	Reliable
X3	0,743	Reliable
X4	0,831	Reliable
Y	0,893	Reliable

Source: SPSS Data Processing

Based on Table 5 above, the variables owner's education level, business scale, business age, accounting knowledge, and accounting application demonstrate high reliability and consistency. It can be observed from the values

of *Cronbach's Alpha* for the owner's education level, business scale, business age, accounting knowledge, and accounting application, all of which are greater than 0.60. Therefore, this questionnaire has an adequate level of reliability.

*Normality Test*

Table 6. Normality Test

<b>One-Sample Kolmogorov-Smirnov Tes</b>		
		Unstandardized Residual
N		50
Normal Parameters <sup>a,b</sup>	Mean	0.000000
	Std. Deviation	2.93439576
Most Extreme Differences	Absolute	.100
	Positive	.061
	Negative	-.100
Test Statistic		.100
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>

Source: SPSS Data Processing

Based on the table above, the Kolmogorov-Smirnov test results show a value of Asymp. Sig. (2-tailed) of 0.200, which is greater than 0.05. It indicates that the data in this research follows a normal distribution. Therefore, it can be concluded that the normality assumption test has been met.

*Multicollinearity Test*

Table 7. Multicollinearity Test

Variable	Collinearity Statistics		Description
	Tolerance	VIF	
	Owner's Education Level	0,818	
Business Scale	0,467	2,143	No multicollinearity occurred.
Business Age	0,221	4,526	No multicollinearity occurred.
Accounting Knowledge	0,261	3,836	No multicollinearity occurred.

Source: SPSS Data Processing

Based on the results of the multicollinearity test shown in Table 7 above, it can be observed that all independent variables in this research have tolerance values > 1 and VIF values < 10. Therefore, it can be concluded that there is no multicollinearity in the data in this research.

**Heteroskedasticity Test**

Table 8. Heteroskedasticity Test

Variable	Significance	Description
Owner's Education Level	0,133	Free
Business Scale	0,977	Free
Business Age	0,413	Free
Accounting Knowledge	0,226	Free

Source: SPSS Data Processing

Based on the table above, the results of the heteroskedasticity test using the Glejser test show that the variables in this research have a significance value greater than 0.05. Therefore, it can be concluded that there is no heteroskedasticity present in all variables in this research.

**Multiple Linear Regression Test**

Table 9. Multiple Linear Regression Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.059	2.823		.021	.984
Owner's Education Level	.377	.238	.143	1.584	.120
Business Scale	.619	.339	.218	1.824	.075
Business Age	-.074	.410	-.031	-.180	.858
Accounting Knowledge	1.184	.298	.637	3.975	.000

Source: SPSS Data Processing

Based on the table above, it can be concluded that the multiple linear regression equation model is as follows:

$$Y = 0,059 + 0,377X_1 + 0,619X_2 + -0,074X_3 + 1.184X_4 \quad (1)$$

**Coefficient of Determination Test (R<sup>2</sup>)**

Table 10. Coefficient of Determination Test

Model	R	R Square	Adjusted R Square
1	0,836	0,699	0,672

Source: SPSS Data Processing

Based on the results of the coefficient of determination test above, the Adjusted R Square value is 0.672, which means that the independent variables can explain the application of accounting to the extent of 67.2%, while the

remaining 32.8% is explained by other variables that have not been discussed in this research.

**Partial Test (t-test)**

Table 11. Partial Test (t-test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
	1 (Constant)	.059	2.823		
Owner's Education Level	.377	.238	.143	1.584	.120
Business Scale	.619	.339	.218	1.824	.075
Business Age	-.074	.410	-.031	-.180	.858
Accounting Knowledge	1.184	.298	.637	3.975	.000

Source: SPSS Data Processing

Based on the t-test results above, the calculated t-value for the owner's education level (X1) is 1.584, and the significance value is 0.120. Since the significance value is greater than 0.05, the owner's education level (X1) does not have a significant influence on the application of accounting in MSMEs in the Woha District of Bima Regency.

Based on the table of t-test results above, the calculated t-value is 1.824, and the significance value is 0.075. This means that the business scale (X2) has little influence on the application of accounting in MSMEs in the Woha District of Bima Regency because the business scale has a significance value greater than 0.05.

Based on the t-test results above, the calculated t-value for business age (X3) is -0.180, and the significance value is 0.858, greater than 0.05. Business age (X3) also does not have a significant influence on the application of accounting in MSMEs in the Woha District of Bima Regency.

Based on the t-test results above, the calculated t-value for the accounting knowledge variable (X4) is 3.975, and the significance value is 0.000, less than 0.05. This indicates that accounting knowledge (X4) has a significant influence on the application of accounting in MSMEs in the Woha District of Bima Regency.

**Simultaneous Test (F-test)**

Table 12. Simultaneous Test (F-test)

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	895.311	4	223.828	26.149	.000 <sup>b</sup>
	Residual	385.189	45	8.560		
	Total	1280.500	49			

Source: SPSS Data Processing

Based on the results of the simultaneous test (F-test) above, it can be observed that the calculated F-value of 26.149 has a significance level (sig) of 0.000. Since this sig value is less than 0.05, it can be concluded that collectively or simultaneously, the independent variables significantly influence the dependent variable, which is the application of accounting (Y).

## **DISCUSSION**

### ***The Influence of Owner's Education Level on the Application of Accounting***

Based on the results of hypothesis testing, it can be interpreted that the education level of business owners is independent of the application of accounting in MSMEs in the Woha District. This is due to the need for an accounting education background among most respondents, where 35 respondents, or 70% of grocery store owners, are graduates of non-accounting secondary schools, and only eight, or 16% are college graduates. Therefore, MSME owners maintain simple records to determine profits without implementing comprehensive accounting. A strong interest influences the low level of education in starting grocery store businesses and continuing family businesses.

Business owners still need to fully understand the significance of implementing accounting in the financial management of MSMEs in the Woha District. Many entrepreneurs need to maintain adequate financial records, and some need to maintain them. Grocery store owners, in particular, typically only record their income and expenses, making it difficult to determine the net profit of the company. This results in difficulties when applying for bank loans for business capital because most MSME entrepreneurs need help producing high-quality financial reports. This research indicates that the education level of the owner is independent of the application of accounting in MSMEs in the Woha District of Bima Regency.

This research aligns with the research conducted by (Bakdiyanto & Ismunawan, 2022), which stated that the owner's education level does not influence the implementation of MSME Financial Accounting Standards (SAK EMKM) in MSMEs in the village of Kebak. However, this research contradicts the research conducted by (Wulandari & Fefri, 2022) where the results indicated that the education level of business owners significantly influences the implementation of SAK EMKM in MSMEs in the city of Padang.

### ***The Influence of Business Scale on the Application of Accounting in MSMEs***

Based on the t-test results in the table above, the business scale does not influence the application of accounting in MSMEs in the Woha District. The results of this research are consistent with the outcomes of previous research conducted by (Johan & Nahrudien, 2020), which stated that the business scale does not significantly influence the use of accounting information. However, these results are not supported by the outcomes of previous research conducted by (Susilawati et al., 2017), which stated that business scale significantly influences the use of accounting information.



Growing companies require more labor in line with increased business activities. The company's revenue growth will increase the need for labor, thereby increasing the complexity of using accounting information. The lack of influence of business scale on the application of accounting is due to the small scale of the business, with limited income and a limited number of employees in line with the company's activities. The number of employees and the company's income do not have a significant impact on how well people understand accounting information, so this variable still needs to be higher (Hendrawati, 2017).

### ***The Influence of Business Age on the Application of Accounting in MSMEs***

Based on the t-test results above, it is evident that the business age does not influence the application of accounting in MSMEs in the Woha District. Based on the business age data, it is observed that most grocery store MSMEs in the Woha District have an age of less than ten years, accounting for 66%, indicating a significant number of new MSMEs in the Woha District. Some grocery store MSMEs in the Woha District only maintain simple records, and most of them must be made aware of the specific financial accounting standards for MSMEs. Grocery store MSME entrepreneurs in the Woha District are more focused on increasing sales, leaving them with limited time to seek information about financial reporting following applicable accounting standards. Consequently, as the business age increases, the perception of MSME entrepreneurs regarding the importance of accounting applications tends to decline. Therefore, the mere longevity of a business is insufficient to make entrepreneurs realize the importance of applying accounting in their operations.

The results of this research are consistent with the outcomes of the research conducted by (Adino, 2019), which stated that the length of business operation or business age does not have a significant influence on the understanding of MSME practitioners regarding the MSME Financial Accounting Standards (SAK EMKM). The lack of a significant influence of business age may be attributed to factors such as the personality, motivation, and perception of MSME owners regarding the importance of financial reports. However, this research is not in line with the research conducted by (Setiawan, 2019) in which the results stated that companies aged 5-10 years provide more accounting information because their owners have a higher level of education, while companies aged more than 10 years provide less information because their owners have a lower level of education.

### ***The Influence of Accounting Knowledge on the Application of Accounting in MSMEs***

Based on the results of this research, accounting knowledge has a significant influence on the application of accounting in MSMEs in the Woha District. This research is consistent with the research conducted by (Anjani & Astuning, 2022), which states that accounting knowledge significantly influences the use of accounting information.

The outcomes of this research are consistent with the Knowledge-Based View (KBV) theory, which explains the relationship between accounting knowledge and the use of accounting information. This theory emphasizes that accounting knowledge is a crucial element in creating added value for companies. Accounting knowledge can be reflected in the skills of owners or managers in conducting the recording process and preparing the financial reports of the company. In other words, the owner's or manager's accounting practices reflect their level of accounting knowledge. The better the accounting knowledge of the owner, the more effectively the owner can utilize accounting information in MSMEs.

## CONCLUSION AND RECOMMENDATIONS CONCLUSION

This research aims to determine and analyze the influence of the owner's education level, business scale, business age, and accounting knowledge on accounting applications in MSMEs. The type of data used is primary data collected through responses from respondents using a questionnaire. Overall, the results of this research can be summarized as follows:

1. The education level of the owner has a minor influence on the application of accounting in Micro, Small, and Medium Enterprises (MSMEs) in the Woha District of Bima Regency. Therefore, hypothesis H1: "The education level of the owner influences the application of accounting," is rejected.
2. The business scale has little influence on applying accounting in Micro, Small, and Medium Enterprises (MSMEs) in the Woha District of Bima Regency. Therefore, hypothesis H2: "Business scale influences the application of accounting," is rejected.
3. The age of the business has little influence on the application of accounting in Micro, Small, and Medium Enterprises (MSMEs) in the Woha District of Bima Regency. Therefore, hypothesis H3: "The age of the business influences the application of accounting" is rejected.
4. Accounting knowledge has a positive and significant influence on the application of accounting in Micro, Small, and Medium Enterprises (MSMEs) in the Woha District of Bima Regency. Therefore, hypothesis H4: "Accounting knowledge influences the application of accounting" is accepted.

Based on the results of the simultaneous test (F-test), it can be concluded that collectively or simultaneously, the independent variables, namely the education level of the owner, business scale, business age, and accounting knowledge, significantly influence the dependent variable, which is the application of accounting..

### *Suggestion*

1. For the government, especially the Department of Cooperatives and SMEs of Bima District, it is expected to continue providing ongoing education to SMEs. The aim is to make SMEs more aware of the importance of preparing financial reports following regulations and to provide specialized training in financial reporting. Additionally,

- counseling and training should be tailored to the specific field of SMEs to enhance business owners' understanding of the existing developments.
2. For SME practitioners, it is hoped that they will be more disciplined in keeping financial records of their businesses because the survival of a business is highly dependent on effective financial management. If the financial management of the business is optimal, then the sustainability and growth of the business will increase, thus reducing the risk of bankruptcy.
  3. It is expected that future researchers not only limit their studies to variables such as the education level of owners, business scale, business age, and accounting knowledge but also include the factor of accounting information usage. Additional understanding of the research process and how to fill out questionnaires should also be provided to respondents, considering that one of the constraints in this research lies in the need for business owners' understanding in completing the questionnaires. It is expected to enhance the accuracy of the obtained data.

#### ADVANCED RESEARCH

This research still has limitations, so further research is needed on the topic "Analysis of Factors Affecting the Implementation of Accounting in Micro, Small, and Medium Enterprises in Woha District, Bima Regency" to perfect this research, as well as increase insight for readers.

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