



The Influence of Human Resource Quality and Socialization of Financial Accounting Standards for MSMEs on Financial Reporting Quality in Magelang City

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Abstract

This study examines the effect of human resource quality and the socialization of the Financial Accounting Standards for Micro, Small, and Medium Enterprises on financial reporting quality. The population consisted of registered Micro, Small, and Medium Enterprises in Magelang City, with a sample of 40 respondents selected through random sampling using Slovin's formula. Data were collected through a questionnaire survey and analyzed using multiple linear regression. The results show that both human resource quality and the socialization of the Financial Accounting Standards for Micro, Small, and Medium Enterprises have a positive and significant effect on financial reporting quality. These findings suggest that improving financial knowledge and providing continuous socialization can enhance the quality of financial reporting among Micro, Small, and Medium Enterprises.

Keywords: Human Resource Quality, Socialization Of Financial Accounting Standards For Msmes, Financial Reporting

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a vital pillar of the Indonesian economy, as they account for more than 99% of business units and contribute approximately 60–61% to the national Gross Domestic Product (GDP) (Aprieni et al., 2024; Fitri Nurul Aftitah et al., 2024). In addition to their contribution to GDP, MSMEs play a significant role in job creation, increasing community income, and promoting equitable welfare distribution (Alfarezi & Hardi, 2025; Hasanah et al., n.d.; Salsabillah et al., n.d.). For instance, the study by Alfarezi & Hardi (2025) revealed that MSMEs in Lubuk Nagodang Village, Kerinci Regency, successfully improved community income by providing local employment opportunities. Similarly, in Pematang Serai, MSME activities serve as one of the main income sources for villagers by fostering local business opportunities (Hasanah et al., n.d.). Furthermore, MSMEs hold strategic potential in supporting sustainable economic growth through innovation and local economic empowerment (Suci Ramadani et al., 2025) This significant role is not only evident at the national level but also reflected at the regional level, including in Magelang City, which has a relatively strong MSME base.

According to data from the Central Bureau of Statistics (BPS) of Magelang City, in 2023 there were 6,637 MSME business actors recorded, with a total monthly turnover reaching IDR 52.95 billion. The distribution of MSMEs in this region includes 1,505 business actors in North Magelang District (IDR 7.95 billion), 2,747 in Central Magelang District (IDR 18.3 billion), and



2,385 in South Magelang District (IDR 26.6 billion) (Badan Pusat Statistik Kota Magelang, 2023). Despite their significant contribution to the economy, many MSMEs still face challenges in financial management, particularly in preparing financial statements in accordance with the Financial Accounting Standards for Micro, Small, and Medium-sized Entities.

On October 24, 2016, the Financial Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants established the Financial Accounting Standards for Micro, Small, and Medium-sized Entities as a guideline for MSMEs in preparing financial statements. This standard became effective on January 1, 2018. The purpose of introducing the Financial Accounting Standards for Micro, Small, and Medium-sized Entities was to assist MSME actors in understanding the preparation of financial statements more easily. The standard is considered simpler, enabling MSMEs to apply it in the financial recording process while also increasing their confidence in presenting financial statements.

The implementation of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities in financial reporting aims to enhance the transparency and accountability of MSMEs in managing their finances. However, various studies have shown that the level of understanding and application of this standard remains low among MSME actors. Factors contributing to the low compliance with the Financial Accounting Standards for Micro, Small, and Medium-sized Entities include the quality of human resources and the socialization of the standard (Lai Juniawati, 2024) Another study by Rismawandi et al. (2022) stated that human resource quality significantly influences the implementation of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities, whereas the socialization of the standard does not affect its implementation.

Human resource quality reflects an individual's ability to carry out tasks and responsibilities with adequate education, training, and experience. This aspect can be observed from the level of education and skills of business actors, particularly in the field of finance (Rismawandi et al., 2022). MSMEs led by individuals with higher levels of education tend to have a better understanding of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities. This finding is consistent with the study by Andari et al. (2022), which demonstrated that human resource quality influences the ability of MSMEs to prepare financial statements based on the Financial Accounting Standards for Micro, Small, and Medium-sized Entities.

Socialization is highly important for MSMEs, as it helps business actors understand how to prepare financial statements in accordance with the Financial Accounting Standards for Micro, Small, and Medium-sized Entities. Through explanations and guidance regarding the accounting standards, business actors can prepare their financial statements more easily. Winarso & Yuniarto (2023) study showed that socialization influences MSMEs' understanding of the application of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities. However, different results were reported by Agustini & Aprilia (2023), who found that socialization does not affect the understanding of financial statement preparation based on the Financial Accounting Standards for Micro, Small, and Medium-sized Entities.



Previous studies have explored various factors influencing the implementation and preparation of financial statements based on the Financial Accounting Standards for Micro, Small, and Medium-sized Entities in several regions of Indonesia. For example, in Buleleng Regency, it was found that the socialization of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities and accounting knowledge positively affected its implementation (Darmasari, 2020). In Tangerang City, a study by Rismawandi et al. (2022) revealed that human resource quality significantly influenced the preparation of financial statements in accordance with the Financial Accounting Standards for Micro, Small, and Medium-sized Entities, whereas business actors' perceptions and socialization had no effect. Furthermore, research in Salatiga City found that educational background, understanding of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities, and its socialization had a positive and significant influence on its implementation (Pantare Alam & Rio Rita, 2022). Nevertheless, research specifically examining the influence of human resource quality and the socialization of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities on the financial reporting of MSMEs in Magelang City remains very limited, despite its unique local characteristics and strong MSME potential. Therefore, this study offers novelty by focusing on the actual conditions of MSMEs in Magelang City and by highlighting human resource quality and socialization of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities as the main predictors of compliance in preparing financial statements based on the standard.

The purpose of this study is to analyze the influence of human resource quality and the socialization of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities on the financial reporting of MSMEs in Magelang City. More specifically, this study aims to:

1. examine whether human resource quality has a significant effect on the financial reporting of MSMEs in accordance with the Financial Accounting Standards for Micro, Small, and Medium-sized Entities;
2. evaluate the effect of the socialization of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities on the compliance of MSMEs in preparing financial statements, and

This study is expected to provide new insights for MSME actors, academics, and policymakers in promoting financial transparency and accountability among MSMEs in Magelang City. Based on the theoretical review and previous studies, this research proposes the following hypotheses:

- H1: Human resource quality has a positive and significant effect on the financial reporting of MSMEs based on the Financial Accounting Standards for Micro, Small, and Medium-sized Entities.
- H2: The socialization of the Financial Accounting Standards for Micro, Small, and Medium-sized Entities has a positive and significant effect on the financial reporting of



MSMEs based on the Financial Accounting Standards for Micro, Small, and Medium-sized Entities.

2. Research Method

This study employs a survey method with a quantitative approach. The survey method was chosen because it is appropriate for obtaining primary data directly from respondents through questionnaires, thereby capturing the perceptions of MSME actors regarding human resource (HR) quality, SAK EMKM socialization, and financial reporting based on SAK EMKM (Sugiyono, 2018). The population in this study consists of all MSMEs registered with the Department of Trade, Cooperatives, and MSMEs of Magelang City, totaling 6,637 MSMEs. The sampling technique used was random sampling with the Slovin formula, resulting in a sample of 40 MSME actors.

Data collection was conducted using structured questionnaires containing closed-ended statements measured on a Likert scale from 1 to 5, ranging from “Strongly Disagree” (1) to “Strongly Agree” (5). The questionnaire instrument was developed based on indicators of each research variable, then tested for validity and reliability before being used to ensure the instrument’s feasibility.

The collected data were analyzed in several stages. First, instrument validity and reliability tests were performed. Second, classical assumption tests were conducted, including normality, multicollinearity, and heteroscedasticity tests. Subsequently, multiple linear regression analysis was applied with the aid of SPSS software to determine the influence of HR quality and SAK EMKM socialization on the financial reporting of MSMEs in Magelang City.

3. Results and Discussions

Table 1. Summary of Data Quality Testing Results

Test	Criteria	Result	Remarks
Reliability Test	> 0,600	0,843 (X1)	Passed
		0,924 (X2)	Passed
		0,911 (Y)	Passed
Validity Test	> 0,3	1,000 (X1)	Passed
		0,795 (X2)	Passed
		0,801 (Y)	Passed

The reliability test in Table 1 shows that the questionnaire is considered reliable because the values for Human Resource Quality (X1), Socialization of Financial Accounting Standards for EMKMs (X2), and Financial Reporting Quality (Y) all exceed the testing criterion of 0.600. Similarly, the validity test results also indicate that the questionnaire is valid, as the values for Human Resource Quality (X1), Socialization of Financial Accounting Standards for EMKMs (X2), and Financial Reporting Quality (Y) all exceed the threshold of 0.300.



Table 2. Summary of Classical Assumption Testing Results

Test	Criteria	Result	Remarks
Normality Test	Histogram follows curve Plots do not deviate from diagonal line	Histogram follows curve Plots follow diagonal line	Data are normally distributed
Multicollinearity Test	Tolerance < 0.9500 VIF < 10	Tolerance below 95% All VIF values below 10	No multicollinearity
Heteroscedasticity Test	No clear pattern, points spread above and below 0 on Y-axis	Points spread above and below 0 on Y-axis, no clear pattern	No heteroscedasticity

Table 2 indicates that the normality test results show the histogram follows the curve and the plots align with the diagonal line, suggesting normally distributed data. The multicollinearity test shows all variables have tolerance values below 0.9500 and VIF values below 10, indicating no multicollinearity. Meanwhile, the heteroscedasticity test shows that the points are scattered above and below the value of 0 on the Y-axis without forming a clear pattern, indicating no heteroscedasticity in this regression model.

Table 3. Summary of Multiple Regression Analysis Results

Test	Criteria	Result	Remarks
Coefficient of Determination (R^2)	$0 < R^2 < 1$	0,781	78.1% of the variance explained by HR Quality and SAK EMKM Socialization
F-Test	Sig < 0,05	Sig < 0,01	Passed F-Test
t-Test: HR Quality	B positive Sig < 0.05	B = 0,574 Sig = <0,001	Reject H0 Hypothesis 1 Accepted
t-Test: Socialization of Financial Accounting Standards for EMKM	B positive Sig < 0,05	B = 0,404 Sig = 0,002	Reject H0 Hypothesis 2 Accepted

Table 3 shows that the coefficient of determination (R^2) is 0.781, meaning that 78.1% of the variance in MSME financial reporting quality can be explained by HR Quality and Socialization of Financial Accounting Standards for EMKM. The F-test result shows a significance value of < 0.01, indicating that the regression model is appropriate for this study.



The t-test results are as follows: for Human Resource Quality (X1), the significance value is < 0.001 (smaller than $\alpha = 0.05$) with a coefficient (B) of 0.574, indicating that HR Quality has a positive influence on MSME financial reporting quality. For Socialization of Financial Accounting Standards for EMKM (X2), the significance value is 0.002 with a coefficient (B) of 0.404, meaning that Hypothesis 2 is also accepted.

Interpretation of Research Results

The findings indicate that both human resource (HR) quality and the socialization of Financial Accounting Standards for EMKMs have a significant effect on the financial reporting of MSMEs in Magelang City. This is reflected in the coefficient of determination (R^2) value of 0.781, meaning that 78.1% of the variation in the quality of MSME financial reporting can be explained by HR quality and the intensity of the socialization of Financial Accounting Standards for EMKMs. This result is supported by a significant F-test (< 0.01), confirming that the regression model is valid for use. Furthermore, the t-test results show that HR quality ($B = 0.574$; $\text{sig} < 0.001$) and the socialization of Financial Accounting Standards for EMKMs ($B = 0.404$; $\text{sig} = 0.002$) both have a positive and significant effect on the quality of financial reporting. Thus, the research hypotheses are accepted overall.

Discussion on the Effect of Human Resource Quality on Financial Reporting

The finding that HR quality significantly affects MSME financial reporting is consistent with Juniawati (2024), who emphasized that HR competence determines the extent to which business actors can understand and implement accounting standards. MSMEs with more highly trained human resources are better able to prepare financial reports systematically, accurately, and in compliance with applicable regulations.

Similarly, research by Andari et al. (2022) revealed that HR quality is a crucial factor in supporting MSMEs' compliance with the Financial Accounting Standards for EMKMs. These findings reinforce the idea that low HR quality is a primary reason why MSME actors struggle in financial reporting. Therefore, efforts to improve competence through basic accounting training and practical applications of the standards are essential.

The study by Krisnayanti & Masdiantini (2025) in Buleleng Regency also supports this result, highlighting that improvements in HR quality are closely linked to improvements in the quality of financial reports. Adequately trained HR can use appropriate recording instruments, reduce technical errors, and enhance transparency in financial reporting.

From a theoretical perspective, this result can be explained through the resource-based view (RBV), which emphasizes that HR quality is a strategic internal resource that is difficult to imitate and plays a vital role in enhancing organizational competitiveness. In the MSME context, HR quality functions as intellectual capital that enables business actors to comply with applicable financial reporting standards.



However, a study in Metro City found that HR quality did not significantly affect the understanding of financial reporting based on the Financial Accounting Standards for EMKMs (Andayani & Meilinda, 2021) This suggests that in the craft business sector in Metro City, factors such as business size and business age were more decisive. In contrast, in Magelang City, HR quality remains the primary factor influencing the preparation of financial reports.

Discussion on the Effect of the Socialization of Financial Accounting Standards for EMKMs on Financial Reporting

In addition to HR quality, the findings also show that the socialization of Financial Accounting Standards for EMKMs significantly affects MSME financial reporting. This supports a community service study in Gunung Lingai, which found that socialization and mentoring activities improved MSME actors' understanding of how to prepare financial reports in accordance with the standards (Riyanto et al., n.d.).

Research by Andari et al. (2022) also emphasized the importance of socialization as a means of transferring accounting knowledge. The intensity and quality of socialization conducted by local governments or related institutions play a key role in improving MSME compliance. This aligns with Hasanah et al. (n.d.), who showed that socialization functions not only as an information channel but also as a form of mentoring to enhance practical financial recording skills among business actors.

In the study by Krisnayanti & Masdiantini (2025), socialization was even found to be one of the dominant factors determining the quality of financial reporting in Buleleng Regency. These results demonstrate that continuous training and workshops are essential to ensure consistent application of accounting standards.

However, Cahyaningrum (2025) (n.d.) argued that socialization alone is not sufficient if it is not accompanied by intensive mentoring and hands-on practice. This study indicated that the implementation of the standards is also highly dependent on HR capacity and the internal readiness of MSMEs. Without these supports, the adoption of the Financial Accounting Standards for EMKMs remains suboptimal.

4. Conclusion

Based on the tests, analyses, and discussions conducted, this study demonstrates that human resource (HR) quality has a positive and significant effect on the preparation of financial reports in accordance with the Financial Accounting Standards for EMKMs. The higher the HR quality of MSME actors, the better the quality of the resulting financial reports. In addition, the socialization of the Financial Accounting Standards for EMKMs also has a positive effect on financial reporting. Greater intensity of socialization encourages MSMEs' understanding, compliance, and accuracy in preparing reports according to applicable standards. Thus, both variables play an essential role in improving the accountability and transparency of MSME financial reporting.



Limitations and Suggestions

This study has several limitations. First, the sample was limited to 40 MSME actors in Magelang City; therefore, generalizing the findings to other regions should be done cautiously. Second, the research employed a quantitative approach with a questionnaire instrument, which may not fully capture the dynamics of accounting practices among MSMEs in the field. Third, the research variables only covered HR quality and the socialization of the Financial Accounting Standards for EMKMs, while other factors—such as the use of accounting technology, regulatory support, and access to financing—were not analyzed.

Future studies are recommended to expand the sample to other regions, employ mixed methods (quantitative and qualitative), and include additional relevant variables such as digital technology adoption and the role of financial institutions. Moreover, longitudinal studies are needed to observe changes in MSMEs' compliance with the Financial Accounting Standards for EMKMs over time.

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