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THE EFFECT OF ACCOUNTING COMPREHENSION LEVEL, IMPLEMENTATION OF SAK EMKM AND COMPETENCE OF HUMAN RESOURCES (HR) ON THE QUALITY OF MSME FINANCIAL STATEMENTS IN TRENGGALEK REGENCY

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ARTICLEINFO	ABSTRACT
Keywords: Accounting Understanding Implementation of SAK EMKM Human Resource Competence (HR) Quality of Financial Statements	The background in this study is the existence of economic policies in the State of Indonesia which are directed at achieving an increase in public welfare. So that it becomes one of the supports so that MSMEs are able to implement a healthy and stable financial system. The purpose of this study was to examine the effect of the level of accounting understanding, the application of SAK EMKM, and the competence of human resources (HR) on the quality of MSME financial reports in Trenggalek Regency. The method in this study is descriptive quantitative type, the number of samples obtained is 100 respondents, data collection techniques using questionnaires, data analysis techniques using SPSS 26 assistance through testing, namely the classical assumption test, multiple linear regression test, hypothesis testing and R2 determination coefficient test. The results of this study simultaneously in this study are, there is a significant influence on the level of accounting understanding, the application of SAK EMKM, and the competence of human resources (HR) on the quality of MSME financial reports in Trenggalek Regency.
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1. INTRODUCTION

MSMEs in Indonesia are growing rapidly. Many MSMEs grow in areas that have qualified and reliable human resources. Through the presence of MSMEs, it is proof that the creative economy industry in Indonesia is able to have competitiveness. MSMEs are engaged in the local industrial sector which does not have dependence on imported goods (Syaipudin & Awwalin, 2022). MSMEs have an important role in the Indonesian economy because they make a significant contribution, especially in the formation of gross domestic product and employment. MSMEs are also believed to have high economic resilience so that they can support the stability of the financial system and the economy (Lohanda & Mustikawati., 2018).

Data on the number of MSMEs in Indonesia in 2022 reached 64,197,050 MSMEs recorded at the Ministry of Cooperatives and SMEs. According to data from the Trenggalek Regency Central Statistics Agency in 2022, there were around 58,106 registered MSMEs. The following is a graph of MSME growth in Trenggalek Regency from several years:

Figure 1. Growth Chart of MSMEs in Trenggalek Regency in 2017-2022
Source: Data processed from https://trenggalekkab.bps.go.id/

Based on Figure 1, the number of registered MSMEs in Trenggalek Regency has increased significantly from 2017 to 2022, although in 2020 there was a decrease which may be due to the impact of the COVID-19 pandemic. In 2022, there were around 58,106 MSMEs registered in Trenggalek Regency. The increase in the number of MSMEs in Trenggalek district through the Micro Business Cooperative Office then strives to help MSME players to have an understanding of accounting, implement SAK EMKM correctly and be able to carry out HR competencies.

Economic policy in the State of Indonesia is directed at achieving an increase in public welfare. Through this welfare program, it is improved to build the competence of MSMEs through an understanding of accounting. This is one of the supports so that MSMEs are able to implement a healthy and stable financial system. The level of understanding of accounting according to Mursyidi is the process of understanding and being good at accounting which is carried out until it becomes a financial financial report based on the principles and standards for preparing financial statements set by the Financial Accounting Standards, measuring one's understanding can be seen from the aspects of education, training and experience level (Syaipudin & Awwalin, 2023).

The process of understanding accounting is important to have and apply in accordance with the application of SAK EMKM. Supported by Susanto's theory that accounting understanding is a person's ability to recognize and understand properly about accounting (Susanto, 2013). The importance of understanding accounting is a major concern, namely especially the employees involved in these activities must understand and understand how the accounting process and implementation are carried out based on applicable regulations. The application of SAK EMKM is carried out to be able to produce quality financial reports and its accuracy can be guaranteed.

SAK EMKM in its application can be achieved if MSME actors also have qualified human resource competencies. This can be measured by the level of education and ability of business actors in the financial section. Human resource competence is the ability of human resources to carry out the duties and responsibilities assigned to them with sufficient education, training and experience (Rahman & Permatasari, 2021). HR competence is important in managing and presenting financial information so that financial reports can be prepared on time. In line with Mulyadi's theory that HR competence is the ability possessed by business actors related to knowledge, skills, and attitudes in completing their performance so that they can achieve the desired goals and the competence of human resources will support the timeliness of preparing financial reports (Mulyadi, 2015).

Human resources (HR) who have competence will be able to complete their work efficiently and effectively. One of them is in completing financial reports, in the process of preparing financial reports, it does not escape various considerations, this is done so that the financial reports presented can look better and of higher quality. The quality of financial statements is the extent to which the financial statements presented show true and honest information. The quality of financial statements can provide accurate information for all interested parties and describe the performance of a business. The preparation of financial reports that are not yet based on standards occurs because there is still a lack of understanding and awareness about the preparation of financial reports based on applicable financial accounting standards.

The current problems of MSMEs in Trenggalek Regency are related to the low professionalism of MSME management personnel and the lack of technological mastery capabilities. In fact, to be able to achieve quality financial reports requires professionalism. So then the importance of the role of the Trenggalek Regency Micro Business Cooperative Office in building professionals through programs or training which can later become views and guidelines in managing MSMEs.

First research, conducted by Lohandra (2018) shows that accounting understanding affects the financial statements of MSMEs as evidenced by a significance value greater than 0.05. In line with the second study, conducted by Riyadi that accounting understanding affects the quality of financial statements (Riyadi, 2021). In line with the third study, conducted by Chairunisak, it shows that the research results from the application of SAK EMKM have a positive effect on the quality of financial statements. SAK EMKM makes it easier for MSME players to prepare financial reports because it is simpler and easier to understand, so that applying SAK EMKM will produce quality financial reports (Chaerunisak et al., 2021). In line with the fourth study, conducted by Pujanira the results of the study state that HR competence affects the quality of financial reports (Pujanira & Taman, 2017).

2. LITERATURE REVIEW

Accounting Understanding

Accounting understanding is a view of the extent to which the ability to understand or understand a process, starting from recording transactions to becoming financial reports (Mulyadi, 2015). HR is said to be able to understand accounting is HR who knows the process of recording financial statements starting from the recording stage, the summarizing stage and the reporting stage for transactions carried out (Zamzami & Nusa., 2017). The indicators used in determining the level of understanding of accounting according to as follows: 1) recording stage, summarizing stage and reporting stage (Mulyadi, 2015).

Application of SAK EMKM

SAK EMKM is a simpler accounting standard compared to SAK ETAP because it regulates transactions commonly carried out by EMKM. Basically, measurements are made historically, so that EMKM simply records assets and liabilities based on their acquisition costs (Susanto, 2013). The purpose of SAK EMKM is to assist MSME players in preparing financial reports easily so that it can facilitate them in getting access to funding from various financial institutions (Riyadi, 2021). The application of SAK EMKM, if implemented, will produce accurate financial reports (Yanto, 2023). The indicators to measure the application of SAK EMKM are in line namely: 1) Statement of financial position, 2) Income statement, 3) Notes to financial statements (Chaerunisak et al., 2021).

Human Resource Competencies (HR)

Human resource competencies are competencies related to knowledge, skills, abilities and personality characteristics that directly affect their performance (Sudarmanto, 2015). Human resources are said to be competent enough in an organization if they have broad knowledge, skills in managing financial reports, organizational abilities and characteristics that can affect performance for the better (Mulyadi, 2015). The indicators of human resource competence according to Lubis include: 1) Self-development, 2) Professional, 3) Mastery of technology, 4) Level of education, 5) Expertise (Lubis, 2017)lubil.

Financial Report

Financial statements are structured reports on financial position reports and transactions carried out by a reporting (Mulyadi, 2015). financial statements are output from an accounting system that is useful for providing information for parties who will make this financial information the basis for decision making (Lubis, 2017). financial statements are a structured accounting process regarding the statement of financial position in an accounting period, financial statements must be based on applicable accounting standards and are useful for interested parties in making decisions (Faradiza, 2019). The indicators for measuring the quality of financial statements according to Mulyadi are: 1) Relevant, 2) Comparable, 3) Understandable (Mulyadi, 2015).

Research Hypothesis

The research hypothesis proposed by the researcher is as follows:

H1: There is a Significant Effect on the Level of Accounting Understanding, on the Quality of MSME Financial Statements in Trenggalek Regency

H0: There is no effect of the level of understanding of accounting, on the quality of MSME financial reports in Trenggalek Regency

H2: There is a Significant Effect of the Application of SAK EMKM on the Quality of MSME Financial Statements in Trenggalek Regency

H0: There is no effect of the application of SAK EMKM on the quality of MSME financial reports in Trenggalek Regency

H3: There is a Significant Effect of Human Resources (HR) Competence on the Quality of MSME Financial Reports in Trenggalek Regency

H0: There is no effect of human resource competence (HR) on the quality of MSME financial reports in Trenggalek Regency

H4: There is a Significant Effect of the Level of Accounting Understanding, Implementation of SAK EMKM, and Competence of Human Resources (HR) on the Quality of MSME Financial Statements in Trenggalek Regency

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H0: There is no effect of the level of accounting understanding, the application of SAK EMKM, and the competence of human resources (HR) on the quality of MSME financial reports in Trenggalek Regency

3. METHOD

This research uses quantitative research methods. The approach method according to Sugiyono quantitative method is research that produces data in the form of numbers that are basic statistics. The purpose of quantitative research is used to analyze data and explain research variables (Sugiyono, 2022). Population and Research Sample

The population in this study were all MSMEs registered or not registered at the Trenggalek Regency Micro Business and Trade Cooperative Office in 2022. This study took a population of 58106 registered MSMEs in Trenggalek district. Determination of the number of samples using the Slovin Formula which is commonly used to take a representative sample size so that the research results can be generalized.

The Slovin formula is as follows:

$$n = \frac{N}{1+N(e)^2}$$

Description:

n= Sample size/number of respondents

N = Population size

E = Percentage of allowance for the accuracy of sampling errors that can still be tolerated: e = 0.1.

So, to find the sample, the Solvin formula is used as follows:

$$n = \frac{N}{1+N(e)^2} = \frac{58106}{1+58106(0,1)^2} = \frac{58106}{58107(0,01)} = \frac{58106}{581,07} = 99,99$$

Based on the calculation of the Slovin formula, the result is 99.99 rounded up to 100 respondents. The reason researchers use the Slovin formula is because this formula is suitable for determining respondents with a population of 58106 respondents. So that in this study the number of samples obtained was 100 respondents. Furthermore, the criteria for determining the amount of sampling in this study used puposive sampling on MSME actors in the Pogalan sub-district of Trenggalek Regency.

Primary data sources were obtained through questionnaires distributed to respondents to collect data in the preparation of financial reports on MSMEs. Secondary data sources used include official documents such as laws and regulations related to MSMEs, Financial Accounting Standards (SAK) which are the basis for SAK EMKM, academic literature, and other reliable sources of information relevant to this research.

Data collection techniques according are tools used during research. The data collection technique in this study uses a questionnaire using Likert scale measurements which are intended so that researchers can obtain data in the field about the level of accounting understanding, application of SAK EMKM, competence of human resources (HR), and the quality of MSME financial reports and are distributed to 100 MSME players in Pogalan sub-district, Trenggalek Regency.

Data analysis is data grouped according to variables and according to the type of respondent, presentation of data on each variable carried out by research, carrying out calculations and then testing previously determined hypotheses (Sugiyono, 2022).In this study using:

Validity test with a significance level of 5% with criteria, namely: 1) If r count> r table and is positive, then the item is declared valid. 2) If r count < r table, then the item is declared invalid. 3) If r count> r table but has a negative sign, then H0 will still be rejected and H1 accepted.

Reliability test which can be declared good, if the Cronbach's alpha value> 0.60, then with a note if the Cronbach's alpha value> 0.60 so that the data between times can be declared reliable and consistent.

Normality test is carried out to measure whether the research data owned is normally distributed, so it can be used to test statistics.

The classic assumption test is used to determine whether the research data meets the requirements for further analysis. In line with Ghazali's theory (2019) to answer the research hypothesis in the form of: 1) Multicollinearity test to determine whether there is a correlation between the independent variables (independent variables) in the form of the Variance Inflation Factor (VIF) model, which is if there is no more than the Variance Inflation Factor (VIF) value, then the model is free from multicollinearity. 2) Heteroscedasticity test to detect symptoms of heteroscedasticity using the Glejser test model, the significant value of the independent variable on the absolute value of the statistical residual is greater than α = 0.05.

Multiple linear regression test is a versatile analytical method to make conjectures on variable X whether it affects variable Y with Anova criteria if the Sig value, <0.05, then the hypothesis is accepted and comparison of the calculated F value with the F table if the calculated F value> F table, then the hypothesis is accepted.

Hypothesis testing in the form of partial t tests and simultaneous f, namely: 1) Partial t test is conducted to find evidence of a significant influence between the dependent variable and the independent variable in this study. If a calculated t value is greater than the t table, it can show that the proposed hypothesis is accepted with the following criteria: a) If the t count < t table, then H0 is accepted and Ha is rejected, then there is no simultaneous influence. b) If the t count > t table, then Ha is accepted and H0 is rejected, then there is a simultaneous influence. 2) Simultaneous f test to determine whether all independent variables or independent variables have a simultaneous influence on the dependent variable or the tie. The test steps are as follows, in accordance with the test criteria: a) Ifaf count < f table, then H0 is accepted and Ha is rejected, then there is no simultaneous influence. b) Ifaf count > f table, then H0 is rejected and Ha is accepted, then there is a simultaneous influence (Ghozali, 2019).

The Coefficient of Determination R test is used to determine how much percentage of the contribution of the influence of the independent variables together on the dependent variable. The rest is influenced by other variables that are not included in the research model because the analysis used is multiple linear analysis, so what is used is Adjusted R Square.

4. RESULT AND DISCUSSION

This study examines "The Effect of Level of Accounting Understanding, Implementation of SAK EMKM, and Competence of Human Resources (HR) on the Quality of MSME Financial Statements in Trenggalek Regency". In regression analysis, there are several main stages, starting with data quality testing, classical assumption testing, then hypothesis testing, and finally by testing the influence of variables as follows;

Validity test

The results of testing through SPSS, it can be seen that the smallest correlation coefficient result is 0.495. So this figure is in accordance with the criteria described by Sugiyono that the instrument can be said to be valid if the correlation coefficient is equal to 0.3 or more (at least 0.3) then the instrument item is declared valid.

Reliability Test

The results of testing through SPSS, the reliability test carried out repeatedly for each variable in this study can be seen that the smallest number is 0.678> 0.6, which means that the reliability test results meet the reliability and consistency criteria.

Normality Test

The normality test uses the Kolmogrov and Smirnov test. This method is used to detect whether the residuals are normally distributed or not is by graph analysis or statistical analysis in accordance with the theory put forward by Imam Ghazali. If the significance value is more than 0.05 then the data is normally distributed and if the significance value is less than 0.05 then the data is not normally distributed.

Table 1. Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		100
Normal Parameters[a,b]	Mean	.002
	Std. Deviation	.685
Most Extreme Differences	Absolute	.165
	Positive	.175
	Negative	-.130
Test Statistic		.175
Asymp. Sig. (2-tailed)		.086[c]

a. Test distribution is Normal.
b. Calculated from data.

c. Lilliefors Significance Correction.

The results of SPSS testing, the normality test is known to get a sig value of 0.086> 0.05. So concluded that this normality test has normally distributed data.

Classical Assumption Test

1. Multicollinearity Test

This study aims to test whether the regression model found a correlation between the independent variables.

Tabel 2. Uji Multikolinieritas

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	1.183	2038.137		.798	.427		
Level of accounting understanding	.004	.427	.011	.089	.929	.231	1.007
Implementation of SAK EMKM	.302	.002	.060	.487	.628	.311	1.996
HR competence	.033	.001	.047	.384	.702	.348	2.877

a. Dependent Variable: Financial Statement Quality

Based on the test results, it can be seen that the value of the Level of Accounting Understanding (X1) tolerance is 0.231 and the VIF value is 1,007, the Application of SAK EMKM (X2) tolerance is 0.311 and the VIF value is 1,996, HR Competence (X3) tolerance is 0.348 and the VIF value is 2,877. So the test results of the independent variables in this study are all stated to meet the criteria and no symptoms of multicollinearity are found so that they can proceed to the next stage.

2. Heteroscedosticity Test

This study uses the scater model. The heteroscedasticity test aims to test whether in the regression model there is an unequal variance from the residuals of one observation to another. If the variance of the residuals from one observation to another is constant, it is called homoscedasticity and if it is different, it is heteroscedasticity.

Tabel 3. Heteroscedosticity Test

ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	.000	4	.000	.000	.230[b]
Residual	1064.542	67	1.605		
Total	1064.542	71			

a. Dependent Variable: Abs_RES

b. Predictors: (Constant), Level of Accounting Understanding, Implementation of SAK EMKM by the community, HR Competencies.

The test results can be seen if the hetrerokedastisitas test of the regression model with the Glejser test is 0.230. In accordance with the criteria if the significant value of the independent variable on the absolute value of the statistical residual is greater than the alpha value = 0.05. The conclusion is 0.230> 0.05, it can be interpreted that there are no symptoms of heteroscedasticity so that the classical assumption requirements in multiple regression tests can be met.

Multiple Linear Regression Test

Analytical method to make conjectures on variable X whether it affects variable Y with the Anova criteria if the Sig value, <0.05, then the hypothesis is accepted and the comparison of the calculated F value with the F table if the calculated F value> F table, then the hypothesis is accepted.

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Tabel 4. Multiple linear regression test
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	4.019	.248		8.412	.000
Level of accounting understanding	.119	.105	.415	4.174	.000
Implementation of SAK EMKM	.017	.034	.073	3.147	.001
HR competence	.816	.101	.067	5.103	.001

a. Dependent Variable: quality of financial statements

The test results through table 4 show that the constant is 4.019, it is known that the value of the Level of Accounting Understanding (X1), Application of SAK EMKM (X2), HR Competence (X3), Quality of financial statements (Y) is 4.019. The regression model equation is as follows:
1) The coefficient of Accounting Comprehension Level (X1) of 0.119 means that every one unit increase in Accounting Comprehension Level (X1) will increase Quality of financial statements (Y) by 0.119 units.
2) The SAK EMKM Implementation Coefficient (X2) of 0.017 means that each increase of one unit of SAK EMKM Implementation (X2), will increase the Quality of financial statements (Y) by 0.017 units.
3) The HR Competency Coefficient (X3), amounting to 0.816, means that each increase of one unit of HR Competency (X3), will increase the Quality of financial statements (Y) by 0.816 units.

Hypothesis Test
1. Partial t test, conducted to find evidence of a significant influence between the dependent variable and the independent variable in this study. If a calculated t value is greater than the t table, it can show that the proposed hypothesis is accepted.

Table 5. Partial t test
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	1.183	2038.137		.798	.427
Level of accounting understanding	.004	.041	.011	3.895	.002
Implementation of SAK EMKM	.302	.619	.060	4.487	.001
HR competence	.033	.086	.047	4.838	.003

a. Dependent Variable: Quality of financial statements

Then the interpretation in this study, as follows:
a. **There is a significant effect of the level of accounting understanding on the quality of financial statements of MSMEs in Trenggalek Regency.**
Accordance with the calculation, it can be seen that the significance value is 0.002, which means that variable X has an effect on variable Y, 0.002 <0.05, it can be said that in the first hypothesis the variable level of accounting understanding (X1) has an effect on the variable quality of financial statements (Y). In addition, by comparing, calculating the Partial T test based on tcount and ttable, if the value of tcount> ttable, it can be said that the independent variable has an effect on the dependent variable. 3.895> 2.144, which can be said to have an influence. In conclusion, the first hypothesis is "There is a significant effect on the level of accounting understanding, on the quality of financial statements of MSMEs in Trenggalek Regency" or this research is accepted.

b. **There is a significant effect of the application of SAK EMKM on the quality of financial statements of MSMEs in Trenggalek Regency.**

Accordance with the calculation, it can be seen that the significance value is 0.001, which means that variable X2 has an effect on variable Y, 0.001 <0.05, it can be said that in the second hypothesis the variable application of SAK EMKM (X2) has an effect on the variable quality of financial statements (Y). In addition, by comparing, calculating the Partial T test based on tcount and ttable, if the value of tcount> ttable, it can be said that the independent variable gives an effect on the dependent variable. 4.487> 2.144, which can be said to have an influence. In conclusion, the second hypothesis "There is a significant effect of the application of SAK EMKM on the quality of financial statements of MSMEs in Trenggalek Regency" or in this study is accepted.

c. **There is a significant influence on the competence of human resources (HR) on the quality of financial statements of MSMEs in Trenggalek Regency.**

Accordance with the calculation, it can be seen that the significance value is 0.003, which means that the HR competency variable (X3) has an effect on the quality of financial statements variable (Y), 0.003 <0.05, it can be said that in the third hypothesis the HR competency variable (X3) has an effect on the quality of financial statements variable (Y). In addition, by comparing, calculating the Partial T test based on tcount and ttable, if the tcount> ttable value, it can be said that the independent variable has an effect on the dependent variable. 4.838> 2.144, which can be said to have an influence. In conclusion, the third hypothesis "There is a significant influence on the competence of human resources (HR) on the quality of financial statements of MSMEs in Trenggalek Regency", or in this study it is accepted.

2. Simultaneous f test, used to determine the overall independent variable or free variable has a simultaneous influence on the dependent or dependent variable. The test results can be known, if the sig value. <0.05 then variable X has an effect on Y.

Table 6. Simultaneous f test
ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1.069	4	2.767	5.164	.004[b]
Residual	1.542	67	1.605		
Total	1.611	71			

a. Dependent Variable: Quality of financial statements
b. Predictors: (Constant), Level of Accounting Understanding, Implementation of SAK EMKM, HR Competencies.

So it can be seen that 0.004 <0.05 so that from the comparison in the significance test it can be stated that the hypothesis is accepted or "There is a significant effect on the level of accounting understanding, the application of SAK EMKM, and the competence of human resources (HR) on the quality of financial statements of MSMEs in Trenggalek Regency"

Coefficient of Determination Test R

This test is used to determine how much percentage of the contribution of the influence of the independent variables together on the dependent variable. The rest is influenced by other variables that are not included in the research model because the analysis used is multiple linear analysis, so what is used is Adjusted R Square.

Table 7. Coefficient of Determination Test R
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.099[a]	.706	.049	3986.48838	2.039

a. Predictors: (Constant), Level of Accounting Understanding, Implementation of SAK EMKM, HR Competencies
b. Dependent Variable: Quality of financial statements

The test results can be known the amount of R square value of 0.706 or if converted to percent to 70%. Can be concluded that there is a significant influence on the level of accounting understanding (X1), application of SAK EMKM (X2), HR competence (X3), on the quality of financial statements (Y), which is 70%.

DISCUSSION
Significantly Affects the Level of Understanding of Accounting on the Quality of Financial Statements of MSMEs in Trenggalek Regency

Based on the results of this study, it can be stated that there is a significant effect of accounting understanding on the quality of financial statements. supported by the theory according to Mulyadi states that accounting understanding is a view of the extent to which the ability to understand or understand a process, starting from recording transactions to becoming financial statements (Mulyadi, 2015). Accounting understanding is used by MSME actors to prepare financial reports and can be used as a basis for truth in a financial report, so that it is of quality for its readers. MSMEs that have financial reports are MSMEs that have successfully complied with government regulations, this is useful for the transparency of activities in MSMEs.

The results of this study are in line with the first study, conducted by Lohandra which shows that accounting understanding has an effect on MSME financial reports as evidenced by a significance value greater than 0.05 (Lohanda & Mustikawati., 2018). In line with the second study, conducted by Riyadi that accounting understanding affects the quality of financial statements (Riyadi, 2021). Based on the results of facts in the field, MSMEs that have an understanding of accounting will be able to prepare detailed financial reports. This is evident in Trenggalek district MSMEs that have implemented accounting standards and have human resources who understand accounting will be able to prepare financial reports. For MSMEs that do not have an understanding of accounting, financial reports have not been found in their activities.

Significantly influences the application of SAK EMKM on the quality of financial statements of MSMEs in Trenggalek Regency

Based on the results, it can be stated that there is a significant effect of SAK EMKM on the quality of financial statements. Supported by the theory of SAK EMKM according is an accounting standard that is simpler than SAK ETAP because it regulates transactions commonly carried out by EMKM (Susanto, 2013). Basically, measurements are made historically, so that EMKM simply records assets and liabilities based on their acquisition costs. The application of SAK EMKM, if implemented, will produce accurate financial reports (Yanto et al., 2023).

In line with research conducted by Chairunisak, it shows that the research results from the application of SAK EMKM have a positive effect on the quality of financial statements. SAK EMKM makes it easier for MSME actors to prepare financial reports because it is simpler and easier to understand, so that implementing SAK EMKM will produce quality financial reports (Chaerunisak et al., 2021). Based on the facts in the field, SAK EMKM is used by MSMEs in Trenggalek Regency for guidelines in preparing financial reports to comply with proper accounting standards so that the success of financial reports in Trenggalek Regency MSMEs can prove that they are able to encourage and increase national economic growth on an ongoing basis.

Significantly influenced Human Resource Competence (HR) on the Quality of financial statements of MSMEs in Trenggalek Regency

Based on the results of the study, it can be stated that there is a significant effect of HR quality on the quality of financial statements of MSMEs in Trenggalek Regency. Supported by Sudarmanto's theory is competence related to knowledge, skills, abilities and personality characteristics that directly affect performance. Human resources according to the theory are said to be competent enough in an organization if they have broad knowledge, skills in managing financial reports, organizational skills and characteristics that can affect performance for the better (Mulyadi, 2015).

The results of this study are in line with research conducted by Pujanirathe results of the study state that HR competence affects the quality of financial statements (Pujanira & Taman, 2017), the second research conducted by Azlan states that the quality of human resources has an influence on the quality of financial statements (Azlan et al., 2019). The third research conducted by Aldino states that the quality of HR has a significant effect on the quality of financial statements (Aldino & Septiano, 2021). Based on the facts in the field, MSMEs that have qualified HR competencies will be more successful in managing and

preparing financial reports. As MSMEs in Trenggalek Regency that have accountant staff will have quality financial reports. The better the competence of human resources in accounting, the better the quality of financial statements of MSMEs in Trenggalek Regency. If the competence of human resources in accounting is carried out properly, the quality of financial statements of MSMEs in Trenggalek Regency will increase.

Significantly influenced the level of accounting understanding, application of SAK EMKM, and competence of human resources (HR) on the quality of financial statements of MSMEs in Trenggalek Regency

Based on the results of the study, it can be stated that there is a significant effect on the level of accounting understanding, application of SAK EMKM, and competence of human resources (HR) on the quality of financial statements of MSMEs in Trenggalek Regency. This is in line with the theory Faradiza that financial statements are a structured accounting process regarding the statement of financial position in an accounting period, financial statements must be based on applicable accounting standards and are useful for interested parties in making decisions (Faradiza, 2019). Financial reports will have quality if in the preparation process it has a full understanding of accounting. This is in line with the theory of accounting understanding according is a view of the extent to which the ability to understand or understand a process, starting from recording transactions to becoming financial statements (Suhayati & Anggadini, 2014). SAK EMKM is an accounting standard that is simpler than SAK ETAP because it regulates transactions commonly carried out by EMKM. Compiling financial reports requires experts who are called HR competence for MSME actors. If the competence of human resources in accounting is carried out properly, the quality of financial statements of MSMEs will increase. In line with the theory Human resource competence is a competency related to knowledge, skills, abilities and personality characteristics that directly affect their performance (Sudarmanto, 2015).

This research is in line with research conducted by previous studies, namely first conducted by Lohandra which shows that accounting understanding has an effect on MSME financial reports as evidenced by a significance value greater than 0.05 (Yanto et al., 2023). In line with the second study, conducted by Riyadithat accounting understanding affects the quality of financial statements (Faradiza, 2019). In line with the third study, conducted by Chairunisak shows that the research results from the application of SAK EMKM have a positive effect on the quality of financial statements (Yanto et al., 2023)c. In line with the fourth study, conducted by Pujanira the results of the study state that HR competence affects the quality of financial statements (Pujanira & Taman, 2017). In line with the fifth study conducted by Azlan states that the quality of human resources has an influence on the quality of financial statements (Azlan et al., 2019). In line with the sixth study conducted by Aldino it states that the quality of HR has a significant effect on the quality of financial statements (Aldino & Septiano, 2021). Facts in the field found that MSMEs in Trenggalek Regency that have an understanding of financial statements, the quality of human resources and apply SAK EMKM will be able to prepare quality financial reports.

5. CONCLUSION

The conclusion in this study simultaneously in this study is, "There is a significant influence on the level of accounting understanding, the application of SAK EMKM, and the competence of human resources (HR) on the quality of financial statements of MSMEs in Trenggalek Regency" or stated to have an influence and accepted

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