

## **Analysis of Accounting Perceptions and Knowledge in The Implementation of Private Entity Account (EP) in The Preparation of Financial Reports**

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### **Abstract**

This study aims to explore the perceptions and accounting knowledge of cooperative business actors regarding the implementation of Financial Accounting Standards for Private Entities (SAK EP) in preparing financial reports. SAK EP is an accounting standard designed specifically for private entities without public accountability to guide the preparation of cooperative financial reports. The research employed a survey method, utilizing questionnaires distributed to cooperative business actors in the Jakarta, Bogor, Depok, Bekasi, and Tangerang (Jabodetabek) areas, who are directly involved in preparing financial reports for private entities. The collected data were examined using descriptive statistical techniques and regression analysis through Smart PLS software to identify the relationships between the studied variables. The findings are expected to provide insights into the level of perception and accounting knowledge related to SAK EP among cooperative business actors in the Jabodetabek area. These results could serve as a foundation for the government, regulators, and other stakeholders to enhance the understanding and application of these accounting standards. Additionally, this research aims to contribute to the academic literature concerning the implementation of financial accounting standards in private entities.

**Keywords:** Accounting Knowledge, Financial Reports, SAK EP

### **I. INTRODUCTION**

Cooperatives are economic entities that have a significant role in the Indonesian economy, especially in empowering communities in various sectors. As a business entity, cooperatives have an obligation to prepare and present financial reports that are accurate, transparent and in accordance with applicable Financial Accounting Standards (SAK). One of the relevant standards for cooperatives is Private Entity SAK (EP), which refers to accounting standards designed specifically for private entities, including cooperatives, that do not have public obligations in preparing their financial statements. Implementation of SAK EP in the preparation of cooperative financial reports is important for several reasons. First, financial reports presented using appropriate standards will increase the transparency and credibility of cooperative financial information in the eyes of stakeholders, such as cooperative members, creditors, the government and other parties. Second, the application of appropriate accounting standards will facilitate comparison of the cooperative's financial performance with similar entities and enable better decision making by cooperative management [1].

However, the implementation of SAK EP in preparing cooperative financial reports also faces several challenges. One of them is the varying levels of understanding and awareness among cooperative managers regarding the requirements and procedures regulated in SAK EP. Some cooperative managers may have limited knowledge in the field of accounting, resulting in difficulties in implementing complex accounting standards such as SAK EP. In addition, cooperatives often have limited resources, both in terms of finance and human resources, which can affect their ability to adopt and implement changes to new accounting standards. Therefore, it is important for cooperatives to pay close attention to the implementation of SAK EP and ensure that all relevant parties have an adequate understanding of these standards. In this way, the preparation of cooperative financial reports can be carried out precisely, accurately and in accordance with the requirements set out in SAK EP, thus providing significant added value for the cooperative and its stakeholders [2].

Financial accounting standards have evolved over the years. Accounting standards that are adapted to economic conditions and how business entities are grouped are increasingly complex. After DSAK IAI ratified SAK Private Entities (EP) on 30 June 2021, which will be effective on 1 January 2025 as a replacement for SAK ETAP, cooperatives have not been able to meet these standards due to a lack of information and training about SAK EP. One of the reasons why SAK ETAP was replaced with SAK EP was because SAK ETAP was considered too simple to be used by private entities, even though SAK ETAP was more comprehensive and simpler. SAK EP, which will come into effect in early January 2025, has been permitted to be implemented earlier. Practices in the field of SAK ETAP are the accounting standard guidelines currently used for all cooperatives in Banjar City, because SAK ETAP is still valid until the end of 2024 [4].

Phenomenon with the Implementation of Private Entity Financial Accounting Standards (SAK) in the preparation of cooperative financial reports: First, cooperatives often have diverse organizational structures, ranging from small cooperatives with limited resources to large cooperatives with complex operations. This creates variations in the level of accounting understanding and knowledge among cooperative managers. Some cooperatives may have a team that is trained and skilled in implementing accounting standards, while others may face difficulties in understanding SAK EP requirements and implementing them correctly. Second, limited resources, both in terms of finance and human resources, often become an obstacle in implementing SAK EP in cooperatives. Cooperatives with limited resources may not have access to the training or consulting necessary to properly understand and apply accounting standards. In addition, cooperative managers may also have multiple responsibilities, such as daily operational tasks and financial responsibilities, which makes it difficult to prioritize understanding and implementing new accounting standards. Third, changes in accounting regulations and the implementation of new standards, including SAK EP, can also cause confusion and uncertainty among cooperative managers. The process of adapting to changes in accounting standards may require significant time and effort, especially for cooperatives that lack the resources or experience in this regard [5].

Perceptions regarding the implementation of Private Entity Financial Accounting Standards (SAK) in the preparation of cooperative financial reports are interesting to research because they influence how cooperatives understand and apply applicable accounting standards. This perception includes an understanding of the need and benefits of implementing SAK EP, as well as the obstacles faced in the implementation process. Factors that influence perceptions regarding the implementation of SAK EP in cooperatives include the level of education and accounting experience of cooperative

managers, understanding of the objectives and benefits of preparing financial reports that comply with standards, and awareness of the importance of transparency and accountability in financial reporting [6].

A positive perception of the implementation of SAK EP can improve the quality of cooperative financial reports, increase stakeholder trust, and support the overall growth and development of cooperatives. On the other hand, negative or inadequate perceptions can result in inaccurate presentation of financial information, lack of transparency, and loss of trust from cooperative members and other parties. Therefore, understanding perceptions regarding the implementation of SAK EP in the preparation of cooperative financial reports is important to help improve understanding and application of these accounting standards, as well as supporting cooperatives in meeting demands for transparency and accountability in their financial reporting [7].

Accounting knowledge in implementing Private Entity Financial Accounting Standards (SAK) and in preparing cooperative financial reports is a crucial aspect that influences the quality and reliability of the financial information presented. Accounting knowledge includes an understanding of basic accounting concepts, terminology, accounting principles, and technical procedures in applying applicable accounting standards. The importance of accounting knowledge in implementing SAK EP can be seen from the ability of cooperative managers to interpret and apply these standards appropriately. Cooperative managers who have adequate accounting knowledge will be better able to identify relevant financial transactions, classify and measure financial information correctly, and prepare financial reports in accordance with SAK EP requirements [8].

The problem statements in this research are as follows: (1) Does perception of the implementation of Financial Accounting Standards for Private Entities (SAK EP) influence the preparation of cooperative financial reports? And (2) Does accounting knowledge in the implementation of SAK EP influence the preparation of cooperative financial reports? The objectives of this research are to empirically prove: (1) To explore and measure the influence of perception regarding the implementation of SAK EP on the preparation of cooperative financial reports, and (2) To explore and measure the influence of accounting knowledge regarding the implementation of SAK EP on the preparation of cooperative financial reports. Through this research, it is expected that the public, particularly cooperative business actors, can gain a better understanding of the importance of financial transparency [9]. Proper implementation of SAK EP will ensure that cooperative financial reports are prepared in accordance with relevant and transparent standards. Risk Management and Decision-Making: With a solid understanding of SAK EP, cooperative managers can better analyze financial information and make more informed decisions to optimize cooperative performance. Compliance with Regulations: The implementation of SAK EP in the preparation of cooperative financial reports will ensure compliance with applicable standards and help cooperatives avoid regulatory violations.

## II. METHOD

This study employs a causal research method aimed at examining the influence between specific variables (independent variables/ $X_n$ ) on other variables (dependent variables/ $Y_n$ ). In this research, the variables under study are defined as follows:  $X_1$  = Perception of the implementation of Financial Accounting Standards for Private Entities (SAK EP),  $X_2$  = Accounting Knowledge in the implementation of SAK EP, and  $Y$  = Preparation of Cooperative Financial Reports. To test the hypotheses in this study, statistical methods were applied.

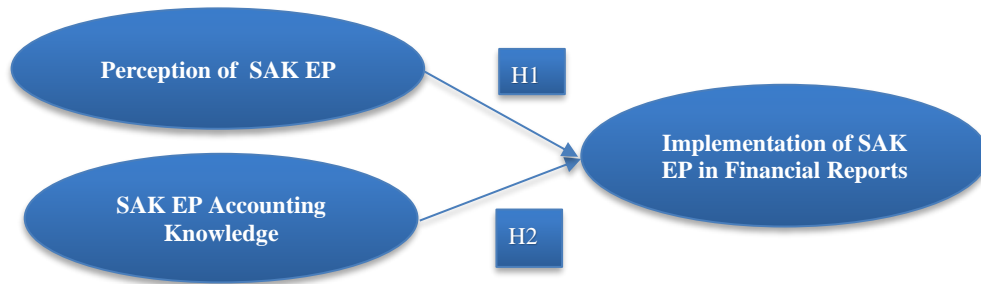


FIGURE 1. CONCEPTUAL FRAMEWORK OF THE RESEARCH

In this research, data analysis uses the Partial Least Square (PLS) approach. According to Field [10], PLS is a multivariate statistical technique that compares multiple dependent and independent variables. PLS is a variant-based SEM (Structural Equation Modeling) statistical method designed to overcome specific problems with data, such as small sample sizes, missing data, and multicollinearity. According to [11] parameter estimation in PLS is divided into three categories. First, weight estimate is used to produce latent variable scores. Second, the path estimate reflects the weight of the contribution of changes in the independent variable to the dependent variable, and this weight affects the R<sup>2</sup> value on the dependent variable. Third, there is a mean score and regression constant for the latent variable. The iteration process in PLS consists of three stages. The first iteration produces a weight estimate which is used for the validity and reliability of the instrument. The second iteration produces the inner and outer model values. The inner model is used for hypothesis testing, while the outer model is used for construct validity (reflective and formative). The third iteration produces the mean score and latent variable constant, which are used for parameters, the nature of the causal relationship, and the average of the resulting sample values.

In this study, the population consists of Cooperative Business Actors in the Jakarta, Bogor, Depok, Bekasi, and Tangerang (Jabodetabek) areas. The sampling technique used is Convenience Sampling, where questionnaires are distributed to Cooperative Business Actors in the Jabodetabek area. A sample is a specific subset of the population that becomes the focus of attention [12]. The sample for this study includes Cooperative Business Actors in Jabodetabek who possess characteristics relevant to the research and are eligible to act as respondents. According to [13] determining a representative sample size requires a sample size of 5–10 times the number of parameters. With a total of 30 research parameters, the ideal number of respondents is between 150 and 300. Based on the calculation of 30 construct indicators multiplied by 10, the minimum required sample size is 300 respondents. The framework of this study illustrates the influence between the independent variables and the dependent variable, as described in Figure 1.

Several preliminary studies have explored the topic of SAK EP implementation. [14] in his study titled “Analysis of the Implementation of Financial Accounting Standards for Private Entities (SAK EP) on the Financial Statements of XYZ Cooperative,” found that the recognition of investments in subsidiaries and associates, employee benefits and post-employment benefits, as well as the application of deferred tax in income tax calculations, were the results of changes in accounting treatment due to the implementation of SAK EP. Similarly, [2], in his research titled “Analysis of Perception and Accounting Knowledge of SAK ETAP Users Toward SAK Private Entity (EP) in Financial Report Preparation (An Empirical Study on Cooperatives in Banjar City, West Java),” identified that challenges in implementing SAK EP have led to changes in accounting procedures, particularly in the recognition of investments in subsidiaries and associates. These findings highlight the adjustments required in adopting

SAK EP, which ultimately led to its standardization being approved by the Financial Accounting Standards Board (DSAK IAI) on June 30, 2021.

### III. DISCUSSION

The data collected from the distributed questionnaires were tabulated to serve as a tool for data analysis. The tabulated results were processed using SPSS version 21.0, generating statistical descriptions of the research variables, as shown in Table I. Based on Table 1, the total number of respondents (N) in this study is 300. For the variable Implementation of SAK EP on Financial Reports (Y), respondents provided a minimum score of 35 and a maximum score of 65, with an average score of 38.77 and a standard deviation of 2.381. For the variable Perception of SAK EP (X1), respondents gave a minimum score of 40 and a maximum score of 50, with an average score of 36.55 and a standard deviation of 2.322. Meanwhile, for the variable Accounting Knowledge of SAK EP (X2), respondents provided a minimum score of 35 and a maximum score of 55, with an average score of 34.61 and a standard deviation of 2.255. From the table above, it can also be observed that all variables in this study exhibit a standard deviation smaller than their respective mean values. This indicates a low variation between the maximum and minimum values during the observation period. In other words, there is no significant gap in the quality of the data, suggesting that the research variables represent reliable data.

The structural model in PLS is evaluated using R2 for the dependent variable and the path coefficient value for the independent variable which is then assessed for significance based on the t-statistic value of each path. The structural model of this research can be seen in the Figure II.

TABLE I. STATISTICAL DESCRIPTION OF RESPONDENTS

Variable	N	Min.	Max.	Mean	Std. Deviation
Implementation of SAK EP in Financial Reports (Y)	300	45	65	38.77	2.381
Perception of SAK EP (X1)	300	40	50	36.55	2.322
SAK EP Accounting Knowledge (X2)	300	35	55	34.61	2.255

Source: Processed Primary Data, 2024

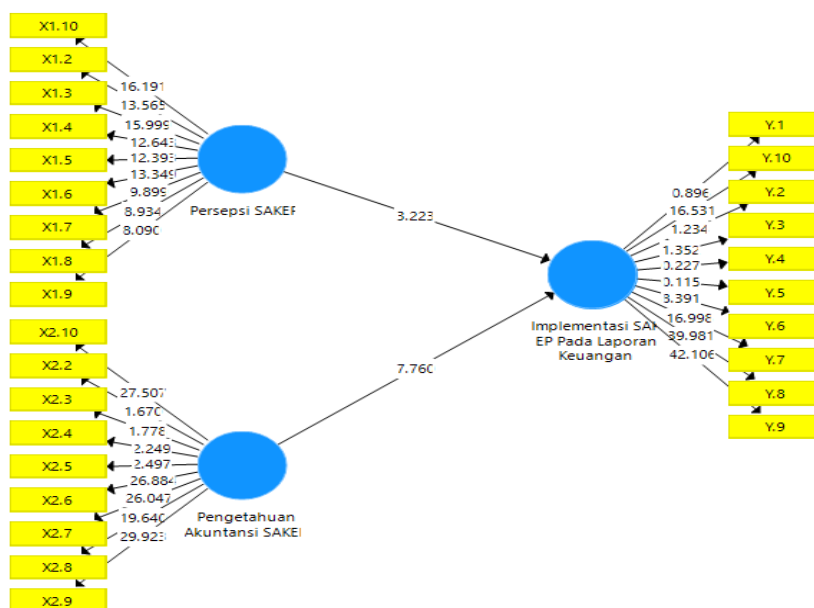


FIGURE 2. DISPLAY OF PLS BOOTSTRAPPING RESULTS

TABLE II. PATH COEFFICIENTS

Path	Original Sample Estimate	Mean of Sub Samples	Standard Deviation	T-Statistics
Perception of SAKEP → Implementation of SAK EP in Financial Reports	0.202	0.208	0.053	3.223
SAKEP Accounting Knowledge → Implementation of SAK EP in Financial Reports	0.412	0.420	0.63	7.760

Source: Data processing with PLS, 2024

To assess the significance of the prediction model in testing the structural model, it can be seen from the t-statistic value between the independent variable and the dependent variable in the Path Coefficient as Table II in the SmartPLS output. From Table II, it can be seen that the original sample estimate value of SAK EP Perception is 0.202 with a significance of below 5% as indicated by the t-statistic value of 3.223 which is greater than the t-table value of 1.284. A positive original sample estimate value indicates that the perception of SAK EP (X1) has a positive effect on the implementation of SAK EP in financial statements. Based on the regression results, it can be concluded that the first hypothesis (H1) is accepted.

The second test was carried out to see whether SAK EP Accounting Knowledge had a positive effect on the Implementation of SAK EP in Financial Reports. The test results can be seen from table 2 above, SAK EP Accounting Knowledge on the Implementation of SAK EP in Financial Reports obtained an original sample estimate value of 0.412 with a t-statistic value of 7.760 > 1.284 which means that SAK EP Accounting Knowledge has a positive effect on the Implementation of SAK EP in Financial Reports with a significance level above 5% (significant). Based on the test results, it can be concluded that the second hypothesis (H2) is accepted

Based on the results of testing the first hypothesis, it can be concluded that the SAK EP Perception variable has a positive effect on the Implementation of SAK EP in Financial Reports in Cooperatives in the Jakarta, Bogor, Tangerang, Bekasi and Depok (Jabodetabek) areas. The SAK EP Perception variable describes how cooperative business actors understand and view the importance of implementing Financial Accounting Standards. With a positive perception of SAK EP, businesspeople tend to have greater motivation to apply these standards in preparing their financial reports. This is in accordance with [15] who states that individual attitudes and perceptions influence the actions and decisions taken. These results have important implications for cooperative management in improving the quality of financial reporting and compliance with accounting standards. Management can pay more attention to efforts to increase understanding and awareness of cooperative business actors regarding the importance of implementing relevant accounting standards

Based on the results of testing the second hypothesis, it can be concluded that the SAK EP accounting knowledge variable has a positive effect on the implementation of SAK EP in financial reports in cooperatives in the Jakarta, Bogor, Tangerang, Bekasi and Depok (Jabodetabek) areas. The research results are in line with [2] who explains that the higher the accounting knowledge of cooperative business actors regarding Management Entity Financial Accounting Standards (SAK EP), the higher the level of implementation of SAK EP in cooperative financial reports. The importance of good accounting knowledge for cooperative business actors in understanding and applying relevant accounting standards in preparing financial reports. Strong knowledge of accounting standards can assist cooperative business actors in understanding relevant financial reporting requirements, including the appropriate use of concepts, measurement methods and disclosures. Good knowledge of accounting can also

improve the quality of cooperative financial reports, which in turn can increase stakeholder trust and support better decision making. The importance of education and training in increasing the accounting knowledge of cooperative business actors, both through formal and informal programs. Efforts to increase accounting knowledge among cooperative business actors can be an effective strategy in improving the quality of financial report preparation and overall financial management.

#### **IV. CONCLUSION**

Based on the result of the discussion in the previous chapter, several conclusions from the results of this research are summarized. First, perception of SAK EP has a positive effect on the Implementation of SAK EP in Financial Reports in Cooperatives in the Jakarta, Bogor, Tangerang, Bekasi and Depok (Jabodetabek) areas. These results have important implications for cooperative management in improving the quality of financial reporting and compliance with accounting standards. Management can pay more attention to efforts to increase understanding and awareness of cooperative business actors regarding the importance of implementing relevant accounting standards. Second, knowledge of SAK EP accounting has a positive effect on the implementation of SAK EP in financial reports in cooperatives in the Jakarta, Bogor, Tangerang, Bekasi and Depok (Jabodetabek) areas. The higher the accounting knowledge of cooperative business actors regarding Management Entity Financial Accounting Standards (SAK EP), the higher the level of implementation of SAK EP in the cooperative's financial reports. The importance of good accounting knowledge for cooperative business actors in understanding and applying relevant accounting standards in preparing financial reports. Strong knowledge of accounting standards can assist cooperative business actors in understanding relevant financial reporting requirements, including the appropriate use of concepts, measurement methods and disclosures.

Encourage the development of education and training programs for cooperative members in the Jakarta, Bogor, Depok, Tangerang and Bekasi (Jabodetabek) areas to increase their understanding of Private Entity (EP) Financial Accounting Standards (SAK). This program can involve related parties, such as cooperative associations, educational institutions, or accounting practitioners, in delivering relevant material in a structured and effective manner.

Carrying out outreach activities and disseminating information regarding the importance of implementing SAK EP in preparing cooperative financial reports. This activity can be carried out through seminars, workshops or discussion forums involving cooperative stakeholders, such as cooperative administrators, cooperative members and auditors.

Encourage the formation of collaboration and cooperation between cooperatives, educational institutions, accounting practitioners and local governments in supporting the implementation of SAK EP in the preparation of cooperative financial reports. This collaboration can include the exchange of knowledge, experience and resources to improve understanding and quality of implementation of accounting standards.

It is hoped that cooperatives in the Jakarta, Bogor, Depok, Tangerang and Bekasi areas can improve their understanding and accounting practices in preparing financial reports in accordance with Private Entity Financial Accounting Standards (SAK EP), so that they can support transparency, accountability and sustainable business growth sustainable

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