Effectiveness of The Education Level, Understanding of Accounting and Work Experience on the Quality of Financial Statements in The MSMEs Indonesian Local Government

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Abstract
Micro, Small and Medium Enterprises (MSMEs) face several obstacles so that in their business it is difficult to develop, one of which lies in financial management in their business activities so that the presentation of financial statements poses its own problems for MSMEs. The purpose of this study is to determine the influence of education level, accounting understanding and work experience on the quality of financial statements produced by MSMEs in MaLang City. This research approach uses quantitative techniques and measures the results using the Likert scale sourced from questionnaire data. Using agency theory and stewardship theory. The sampling technique uses a purposive sampling method with predetermined criteria. The population of this study is MSMEs in Malang City, the number of respondents who filled out questionnaires that have been distributed through whatsapp grub assisted by the MSME cooperative office in Malang City 45 respondents but who met the criteria of 38 respondents. Using analysis techniques which include validity, reliability and hypothetical tests used are R tests and T tests with the help of SPSS 25 software. The results showed that 53.4% of the influence of the quality of MSME financial statements was influenced by the variables studied. Understanding accounting has a significant positive effect on the quality of financial statements, the level of education and work experience does not affect the quality of financial statements.

Keywords: Accounting Understanding, Education level, Quality of Financial Statements, Work experience

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have an important role in the economic growth of a country such as a means of alleviating people from poverty, a means of leveling the economic level of small people, providing foreign exchange for the country (ekbangsetda.bulelengkab.go.id). MSMEs are the most common type of business in Indonesia and are now the main source of income for most people. This phenomenon occurs because MSMEs have high ability and flexibility in responding to market changes faster than large companies (Windayani et al., 2018). The speed of MSMEs’ attention to market changes can be explained by the operations they have. With a smaller operational scale, MSMEs are able to easily adjust production processes and marketing strategies. MSME innovation capabilities can also be realized quickly without having to go through long and complicated procedures. The development of small and medium enterprises with a commitment to supporting economic growth has contributed positively to regional economic growth. However, MSMEs face several obstacles, one of the main obstacles is a lack of skills in managing business finances. As a result, company finances are often used to meet the group’s daily needs (Sudarwati & Eka Satya, 2013).

The development of MSMEs aims to grow independence per economy and provide good benefits for the local economy. However, there are several problems faced by MSMEs actors, and one of them is the lack of ability to manage business finances. Some MSMEs actors generally do not clearly separate their personal finances and business finances. Finally, business finance is often used to meet daily family needs. MSMEs actors view making financial reporting as one of the complicated and troublesome activities (Ersanti & Anggunan, 2019) often find it difficult to implement accounting practices because they are not familiar with more structured business money management (Puspitaningtyas, 2017).

MSMEs really need quality financial reports so that the information contained in the reports can be easily understood and used as a guide for business development. The quality of financial reports refers to the final summary results of financial transactions that occurred in a certain period. To create quality financial reports, a special level of expertise in accounting is required (Erawati & Setyaningrum, 2021; Nasution et al., 2021). To improve decision-making ability, the information disclosed in the report must be of quality. In order to have quality, the report must meet a number of characteristics including the ability to be understood, relevant, trustworthy, and comparable (Arismawati, kade et al., 2017). An example of a case of financial quality that allows MSMEs owners to monitor their business performance is when a restaurant owner can use sales figures, operating costs, and profits to evaluate whether his business is profitable or not. Careful monitoring and understanding is needed to support evaluation activities through appropriate measures for the long-term growth of MSMEs.

MSME players who have an understanding of accounting will also have a good understanding of the financial statements needed for their business (Astuty et al., 2022; Mujianti et al., 2022). Understanding accounting is a person’s ability to competently understand and master both accounting processes, including manual financial management and the application of computer technology (Sandidarmansyah et al., 2022). This understanding includes knowledge of basic accounting principles, transaction recording techniques, and skills in calculating value to money from the data obtained (Prayoga et al., 2022). MSMEs actors who have an understanding of accounting have the ability to create higher quality financial statements than MSMEs actors who have no understanding of accounting concepts (Sandidarmansyah et al., 2022). For this reason, understanding accounting
by MSMEs actors is very important so that they can compile appropriate financial statements and in accordance with applicable accounting standards.

In addition to understanding accounting, the level of education is also thought to affect financial quality. Education Level is a condition where a person has taken formal or non-formal education recommended by the Ministry of Education (Pratama, 2015; Sipur & Almastoni, 2021). Good financial reporting requires human resources who have a minimum level of equivalent vocational education, specifically have an adequate accounting understanding and receive training in the preparation of financial statements (Pratami & Pratama, 2018; Lohanda & Mustikawati, 2017).

Work experience can also have an impact on the quality of financial statements. Work experience refers to the skills, knowledge, and abilities that a person acquires along with the time spent in the world of work, through actions, responses, practices, or experiments they experience (Prayoga et al., 2022). The more work experience a person has, the higher the level of professionalism in carrying out their duties, and the more mature their mindset and attitude will be in achieving their goals (Prayoga et al., 2022). As work experience increases, the risk of errors in writing financial reports will decrease (Maghfiroh et al., 2022; Pratama et al., 2019).

The level of education has an important role in the quality of financial statements because education can equip a person with better knowledge, skills. Previous research conducted by (Ketut Tanti Kustina1, 2022), (Aullah et al., 2022) stated that it had a positive and significant effect on the quality of financial statements. However, contrary to research (Budiarti et al., 2021) and (Sarkar Phyllis et al., 2022) the level of education does not have a positive effect on the quality of financial statements.

The deeper a person’s understanding of accounting concepts, the greater their ability to prepare financial statements in accordance with applicable regulations, with a deep level of accounting understanding, is expected to make a valuable contribution to the growth and development of MSMEs. There are several previous studies stating that the results of research (Sandi darmansyah et al., 2022), (Lestari & Dewi, 2020) Understanding accounting have a significant positive effect on the quality of MSME financial statements. However, contrary to the results of research (Atika et al., 2019), (Puteri et al, 2019) shows that understanding accounting does not have a significant effect on financial quality.

With wider work experience, individuals will be more proficient in carrying out tasks, and thinking patterns and attitudes in achieving predetermined goals will also mature. Several previous studies (Muzahid, 2014), (Maghfiroh et al, 2022) stated that a person’s work experience has a significant effect on the quality of financial statements. However, the results of this study are contrary to (Budiarti et al., 2021) that work experience does not affect the quality of financial statements.

Based on research findings which show a discrepancy with the results of previous research regarding the impact of education level, accounting understanding and work experience on the quality of financial reports, this research aims to measure how much impact the level of education, accounting knowledge and work experience in MSMEs in Malang City influences the quality of reports. finance. Apart from these objectives, an additional benefit of this research is to increase awareness of the importance of financial reports, which can be used by MSMEs to analyze, implement and collect data on MSME growth.
Overview of Pustaka

Education Level

Education level refers to a person’s educational status obtained through formal education channels recognized and authorized by government education authorities, such as the Ministry of Education (Sipur & Almastoni, 2021). The accounting system used in MSME financial reporting is strongly influenced by the level of education possessed by MSME actors. The higher the education, the better the ability to make quality financial statements (Jayanti okta Suci et al., 2023). Education level criteria (Muzahid, 2014):

1. Level of formal education possessed
   The level of education takes place in official institutions, structured and recognized by the government or educational authorities. Covers education levels that are generally sequential starting from basic education to higher education
2. Education
   The field of education that has been undertaken during education that focuses on goals.
3. Quality of education
   Someone who has good ability education and achieves, has experience, quality educational knowledge

Understanding Accounting

A person’s ability to understand accounting so that they can make conclusions, solve problems, and make decisions about the accounting process they use (Saputra et al., 2022). Someone who understands accounting is an individual who is capable and really understands the procedures for implementing the accounting process, so as to be able to produce financial statements that are in accordance with financial statement preparation standard (Diani, 2014). The criteria for understanding accounting are as follows (Muzahid, 2014):

1. Carry out the accounting process
   A person’s ability to carry out accounting processes effectively
2. Understand accounting theory
   Ability to understand basic principles, concepts for recording, measuring so that the preparation of financial statements is accurate
3. Able to read financial statements
   Ability to understand and analyze information contained in financial statements in order to make decisions.

Work experience

Work experience is an indicator of how long a person has worked and within that time, they can understand well the job duties and successfully carry them out (Muzahid, 2014). A person with extensive experience is more adept at carrying out his work efficiently in various environments including organizations, companies, and governments. Therefore, an experienced person has a more dexterous ability to complete tasks proficiently than an inexperienced individual. Experience refers to the accumulation of knowledge and skills from previous experience and interpreting directly. Work experience criteria (Maghfiroh et al., 2022):

1. Term of work
   How long has experience working in the company or in the previous place
2. Areas of work experience
   Types of work or previous experience that can help expand skills and knowledge
3. Benefits of work experience in finance
   Having experience in finance that can be useful for now in making financial statements.

Quality of Financial Statements
   A financial statement is considered good if the information presented in it is easily understood by readers, meets their needs in making decisions, does not contain misleading or confusing interpretations, is free from significant errors, and is reliable. Thus, the financial statements can be compared with data from the previous period (Prayoga et al., 2022) Financial statement quality criteria (Wungow, 2016):
   1. Relevant means that the information contained in it has the ability to influence users' decisions by helping them assess past or present events, as well as forecast the future, as well as validate or correct the results of evaluations that have been carried out in the past.
   2. Reliable, if the information contained in the financial statements does not contain misleading information or material errors, presents every fact truthfully, and can be verified.
   3. When compared, the information presented can be compared and can be evaluated with the financial reports of the previous period.
   4. Can be understood, so that financial information can be easily understood and understood, it must be prepared clearly and can be used properly by various users without any obstacles or confusion in reading financial statements.

MSMEs
   A business owned by individuals and business entities that aims to encourage economic growth, create jobs, develop innovation and creativity. The following are the criteria for MSMEs according to law number 20 of 2008:
   1. Micro Enterprises have a maximum asset wealth of 50 million excluding land and buildings. The annual sales result is at most 300 million
   2. Small businesses have a maximum wealth of >50 million and at most 500 million excluding land and buildings. Annual sales result of 2.5 Billion
   3. Medium Enterprises have >500 million – 10 Billion excluding land and buildings with an annual turnover of >2.5 Billion – 50 Billion

Hypothesis Development
   The effect of education level on the quality of financial statements
   The level of education refers to the process by which individuals develop their abilities, attitudes, and behavior patterns through participating in activities organized by certain organizations, with the aim of preparing themselves for the future (Wirawan Ketut et al., 2018). The level of education can be used as a sign or measure of one's intellect, where the higher one's level of education, the greater the knowledge and level of intelligence (Sukriani et al., 2018). In research (Ketut Tanti Kustina1, 2022) the level of education has a significant positive effect on the quality of financial statements.
   The hypothesis in this study is:
H1: The level of education has a significant positive effect on the quality of financial statements

The effect of accounting understanding on the quality of financial statements

Understanding accounting is the ability to understand the accounting process to prepare financial statements. Stewardship theory has a psychological and sociological basis that has been designed so that executives as stewards strive to achieve target. One of the targets of MSMEs is quality financial statements to determine their business growth (Meliani & Werastuti, 2021). In making quality financial reports and can provide information for users, actors should have a sufficient understanding of the recording system (Budiarti et al., 2021). Understanding accounting is needed by business managers in carrying out company operations. Motivation to learn about Understanding accounting will increase the understanding of owners in applying accounting in the company (Jayanti okta Suci et al., 2023). It can be concluded that the higher the understanding of accounting, the better the quality of the financial statements produced. In research (Sandidarmansyah et al., 2022) Understanding accounting has a significant positive effect on the quality of MSME financial statements.

The hypotheses in this study are:

H2: Understanding accounting has a significant effect on the quality of financial statements

The effect of work experience on the quality of financial statements

Work experience refers to all activities involving work or work that a person has done in his career or life. Stewardship theory has a psychological and sociological basis that has been designed so that executives as stewards strive to achieve target. So stewards are responsible for their business activities with quality financial statements that are relevant, reliable, comparable and easy to understand. Activities to make quality financial statements are needed by people who are experienced in working (Meliani & Werastuti, 2021). It includes all the work that a person has ever done, whether in a part-time, temporary, or even volunteer work. Work experience can include various types of work, responsibilities, skills acquired, achievements, as well as knowledge gained during a person’s work. Work experience is an important factor in building one’s career and is often used in assessing one’s ability and qualifications in taking a particular job. Work experience can also help a person develop skills, industry understanding, and professional networks that can be beneficial in job search and career development. Past experiences will be very beneficial to strengthen one’s knowledge when they are faced with new challenges (Wungow, 2016). Someone who has deep experience will be more skilled in interacting and carrying out their duties both in the context of organizations and companies (Muzahid, 2014). Studies conducted (Atika et al., 2019), (Maghfiroh et al., 2022) show that work experience has a positive and significant effect on the quality of financial statements.

Based on the explanation above, the hypothesis is as follows:

H3: work experience has a significant effect on the quality of financial statements

Conceptual framework

In the previous section, we explained the relationship between previous research and the explanation of variables. Based on the number of dependent and independent variables found, concepts are systematically arranged to explain the
relationship between variables in the study. The structure of the concept can be seen as follow.

![Figure 1. Conceptual Framework](source: Researcher)

### METODE PENELITIAN
In this study using quantitative methods by distributing questionnaires to the whatsapp grub of MSMEs assisted by the Malang city cooperative office. This study used the type of primary data obtained from respondents' questionnaire answers with a predetermined scale. The scale used in the preparation of the questioner is the Likert scale using five answer choices. Answers that strongly agree are given a score of 5, answers that agree are given a score of 4, answers that disagree are given a score of 3, answers that disagree are given a score of 2, and answers that disagree are given a score of 1. The methods and techniques of data analysis used are data quality tests including validity, reliability, and hypothesis tests of coefficient of determination (r test), partial tests (t tests) using SPSS 25 software.

### Population and sample
The population in this study is MSMEs in the city of Malang and has made financial reports. The number of MSMEs in Malang City in 2022 is 7,920 (malangkota.bps.go.id). The sampling technique uses purposive sampling with predetermined criteria. The number of respondents who filled out the questionnaire that had been distributed on the whatsapp grub assisted by the MSME cooperative office in Malang City was 45 but 38 respondents met the criteria.

### Research Variables and Operationalization of Variables
Before conducting research, it is necessary to understand the definition of variables and indicators as a guide for making questionnaires. This study consists of three independent variables including Education Level (X1), accounting understanding (X2), Work Experience (X3), and one dependent variable, namely Financial Statement Quality (Y). Bfollows the operationalization of variables that describe variables and indicators:

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Explanation</th>
<th>Indicators</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Education level</td>
<td>The level of education refers to the process of developing a person's abilities, attitudes, and behavior through educational level possessed</td>
<td>1. Level of education possessed</td>
<td>Likert</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2. Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3. Quality of</td>
<td></td>
</tr>
</tbody>
</table>
2. Understanding accounting

A person’s ability to understand accounting so that they can make conclusions, solve problems, and make decisions about the accounting process they use (Saputra et al., 2022)

1. Carry out the accounting process
2. Understand the basic theory of accounting
3. Able to read reports (Muzahid, 2014)

3. Work experience

Work experience includes the capacity, knowledge, and competencies acquired by a person during the period of work they have undertaken in a particular job, through their actions, responses, intelligence, and various experiments (Prayoga et al., 2022).

1. Term of work
2. Areas of work experience
3. Benefits of work experience in accounting/finance (Maghfiroh et al., 2022)

4. Quality of financial statements

Dokumen that presents financial information of a business entity (Dewi & Yuniasih, 2021)

1. Relevant
2. Reliable
3. Understandable
4. Can be Comparable (Wungow, 2016)

Source: Researchers from previous research

RESULTS AND DISCUSSION

Validity Test

The first data quality test result is a validity test used to measure the validity or absence of a questionnaire calculated using Pearson’s Correlation, a questionnaire is declared valid if \( r \) counts > \( r \) table.

<table>
<thead>
<tr>
<th>Statement</th>
<th>( r ) Calculate</th>
<th>( r ) Table</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Level (X1)</td>
<td>0,889</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,869</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,802</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td>Knowledge (X2)</td>
<td>0,871</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,789</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,880</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td>Work Experience (X3)</td>
<td>0,839</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,847</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,970</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td>Quality of Financial</td>
<td>0,920</td>
<td>0,320</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td>0,938</td>
<td>0,320</td>
<td>Valid</td>
</tr>
</tbody>
</table>
The results of the validity test show that out of 13 statements, all of them are considered valid because the calculated r value for each statement exceeds the table r value by 0.320.

**Reliability Test**

To assess the reliability of the study, the Cronbach Alpha coefficient was measured using the SPSS 25 program. A statement is considered reliable if the Cronbach Alpha value > 0.60.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach Alpha</th>
<th>Limits of Reliability</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Level (X1)</td>
<td>0.800</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Accounting Knowledge (X2)</td>
<td>0.800</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Work Experience (X3)</td>
<td>0.806</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
<tr>
<td>Quality of Financial Statements (Y)</td>
<td>0.951</td>
<td>0.60</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Based on the results of the Reliability test in table 4 shows that each variable has a Cronbach Alpha value of > 0.60 so that all research statement items are reliable and suitable for use as instruments research.

**Coefficient of Determination Test (Adjusted R Square)**

The coefficient of determination is used to determine what percentage of influence between variable X stimulants on variable Y.

Table 5 Test Results of Coefficient of Determination (Adjusted R Square)

<table>
<thead>
<tr>
<th>Type</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.731</td>
<td>.534</td>
<td>.493</td>
<td>2.88948</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X3,X2,X1

Source : Data processed by researchers

Table 5 shows the Adjusted R Square of 0.534 this result shows that 53.4% of the influence of the quality of MSME financial statements in Malang City is influenced by variables such as education level, accounting understanding, and job page information. Meanwhile, the remaining 46.6% were influenced by other factors that were not studied.

**Partial test (Test t)**

The t test is used to measure the extent to which the impact of the independent variable on the dependent variable is partial. In this study, the t-value
of the table was 2.024. If the calculated t value > table t value 2.024, then it has a partial value. Alternatively, a fictional signi (sig) value of less than 0.05 may be considered to have a partial impact.

**Table 6 T Test Results**

<table>
<thead>
<tr>
<th>Type</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-2.409</td>
<td>3.922</td>
<td>-0.614</td>
<td>.543</td>
</tr>
<tr>
<td>X1</td>
<td>-.292</td>
<td>.197</td>
<td>-1.481</td>
<td>.184</td>
</tr>
<tr>
<td>X2</td>
<td>1.529</td>
<td>.275</td>
<td>5.550</td>
<td>.000</td>
</tr>
<tr>
<td>X3</td>
<td>.204</td>
<td>.188</td>
<td>1.084</td>
<td>.286</td>
</tr>
</tbody>
</table>

Based on table 6 of t test results it can be concluded that:

1. Education level (X1), the value of ignition is 0.543. So H1 is rejected, which means that the level of education has no partial influence on the quality of Malang City’s financial reports (Y).
2. Accounting understanding (X2) the significance value of accounting understanding is 0.000. So that H2 is accepted, that the understanding of accounting has a partial impact on the quality of the financial statements of Malang City (Y).
3. Work experience (X3) significant value i work experience of0.286 So H3 is rejected, which states that work experience does not have a partial influence on the quality of financial statements in Malang City (Y).

**The effect of education level on the quality of financial statements**

The results showed that the level of education partially did not have a significant influence on the quality of financial statements. This research is consistent with research (Sarkar Phyllis et al., 2022) and (Budiarti et al., 2021). It can be concluded that there is no influence between the Education Level on the quality of financial statements in MSMEs in Malang City. With the level of education owned by MSMEs, it is not enough to make quality financial statements because the level of education they have is not related to finance so it is less understand the need to follow socialization in order to expand knowledge about financial statements. A person is said to understand accounting if the person understands and is good at how the accounting process is carried out until it becomes a financial statement based on the principles and standards of preparing financial statements stipulated in laws and regulation (Wungow, 2016).

**The effect of accounting understanding on the quality of financial statements**

The results showed that accounting understanding has a significant influence on the quality of financial statements. This research is consistent with research conducted (Sandiarmsyah et al., 2022) and (Lestari & Dewi, 2020) Understanding accounting has a significant positive impact on the quality of financial statements. This shows that MSMEs that have a strong understanding in accounting tend to have better knowledge about accounting, especially in terms of financial statements that are very important for their business, in contrast to
MSMEs that do not have a good understanding of accounting (Mujianti et al., 2022). From the questionnaire data that has been filled out by the perpetrators, it can be concluded that most MSMEs in Malang City already understand financial statements, but only simple financial statements that they understand, such as collecting proof of transactions and recording them. Accounting understanding has a great influence on the quality of financial statements because every business actor who has a fairly good understanding of accounting, then these business actors will be able to make a financial statement (Erawati & Setyaningrum, 2021). So, the conclusion is that accounting understanding is a factor that plays a role in improving the quality of financial statements.

The effect of work experience on the quality of financial reports

The results showed that work experience did not have a significant impact on the quality of financial statements. This research is in line with (Prayoga et al., 2022) and (Budiarti et al., 2021). This shows that the quality of MSME financial statements in Malang City is not influenced by work experience. With various work experiences of MSME actors, it does not affect the quality of financial statements because their experience is not related to finance. Even though you have work experience, you may not be able to make quality financial reports because the perpetrators don’t really understand the existing indicators. The work experience that the finance or accounting department has will make it easier to do the work because with this professional work experience, the finance or accounting department staff will be more understanding and deft in preparing financial reports. Professional work experience in the accounting field will provide greater convenience and accuracy in the process of preparing financial reports (Muzahid, 2014).

Conclusion

Based on the results of research and discussion related to the influence of education level, accounting understanding and work experience on the quality of MSME financial statements in Malang, the following conclusions can be drawn. First, the level of education does not have a partial effect on the quality of financial statements. This is not in accordance with testing with agency theory, meaning that the level of education alone is not enough with the educational background of someone from various majors has not been able to make quality financial statements.

Second, accounting understanding has a partial effect on the quality of financial statements. This is in accordance with the tests that have been carried out by researchers using stewardship theory. Which means that someone who already understands accounting can easily make financial statements and the higher the understanding of accounting for MSME actors, the higher the quality of the financial reports produced.

Third, work experience does not have a partial effect on the quality of financial statements. This is not in accordance with stewardship theory. Which means that work experience alone is not enough to make quality financial statements, this can be due to experience in previous work not on finance. MSMEs need to make quality financial statements so that these financial statements can be submitted as a requirement for financial loans at banks and co-operations to advance their business, and can see how far success has been in running their MSMEs.
The limitation in this study lies in the limited number of respondents, therefore, it is better to add the number of respondents in the next study. The study focused on variables such as education level, accounting understanding, and work experience. It is expected that future studies will consider additional variables to expand and improve the accuracy of research results.

REFERENCES


