

Accounting Standard for Private Entities: are They Truly Useful? (Survey among Accounting Stakeholders in West Java, Indonesia)

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Abstract

This study examines the usefulness of new accounting standards for Indonesian private entities namely the Indonesian Private Entity Financial Accounting Standard (SAK EP), which will come into effect in 2025, in preparing private entities' financial statements, from the perspective of various stakeholders: accounting students, accounting educators, financial statement preparers, and financial statement users. It is a simplified accounting framework that is tailored to smaller entities without public accountability and less complexity in reporting financial information while retaining essential information in meeting stakeholders' need. This study uses two independent variables from accounting decision usefulness theory: (1) accounting stakeholders' level of understanding of the SAK EP and (2) accounting stakeholders' perceptions of the accounting profession. This study collected data from 515 accounting stakeholders in West Java Province, Indonesia, through an online survey. A quantitative research method is employed, and the data is analysed using two key statistical techniques: (1) one-way ANOVA to assess whether there are statistically significant differences in the mean scores of accounting stakeholders, and (2) multiple regression analysis to examine the relationship between the dependent variable (usefulness) and two independent variables (level of understanding of the SAK EP and perception of the accounting profession). The findings showed that: (1) the level of understanding of SAK EP varies among accounting stakeholders; (2) the perception of accounting stakeholders toward the accounting profession is generally high; (3) the usefulness of SAK EP in preparing high-quality financial statements is highly perceived and (4) high understanding of the SAK EP and better perception of the accounting profession increase the usefulness of the SAK EP standard in the preparation of financial statements among private entities. This study suggests that the implementation of SAK EP in Indonesia is quite challenging, especially in improving the understanding of SAK EP and meeting high expectations of accounting stakeholders. .

Keywords: SAK EP, West Java, Accounting stakeholders, Private entities.

Introduction

This study discusses the Indonesian Private Entity Financial Accounting Standard (SAK EP), which will replace the Indonesian Financial Accounting Standard for Entities Without Public Accountability (SAK ETAP), effective on January 1, 2025. The SAK ETAP is the most widely used financial accounting standard for reporting entities in Indonesia, effective since 2011, and the users of this SAK ETAP are entities with various business scales and industrial fields, including small, medium, and large enterprises. (Hasanah, et al., 2018). SAK ETAP was originally an effort made by the Indonesian accounting standard setters to provide a guide for financial reporting entities that do not require to comply with the international financial reporting standards (Yanto, et al., 2016). Various studies show that the SAK ETAP has succeeded in becoming a national standard as it able to drive preparers produce quality financial statements due to its low compliance costs and complexity (Arisnawati, 2019; Sartono, et al., 2022). However, the preparers of small and medium entities tend to perceive that SAK ETAP is difficult to comply with, while full compliance to SAK ETAP by the large entities could not provide good explanation on the complexity of the business. (Iluwati, et al., 2022). Due to that and the convergence of Indonesian financial accounting standards to the International Financial Reporting Standards (IFRS), the Indonesia standard setter has introduced SAK EP for better monitoring of private entities' reporting practices. Nonetheless, this effort

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has raised a concern on the accounting standards overload, where previous research shows that the implementation of overloaded accounting standards does not result in improved financial reporting quality but instead gives rise to creative accounting practices and accounting fraud (Epstein, 2007; Saha, et al., 2019).

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SAK EP has made it reference to the IFRS for Small and Medium Enterprises (IFRS for SME), thus indicates that the IFRS has also been adopted by Indonesia for entities that do not have significant public accountability (Warren, et al., 2020). Although, SAK EP is an answer to the weaknesses of the SAK ETAP, preparers perceived it as more complex than SAK ETAP, but the standard is less complicated than that of the IFRS-based Indonesian financial accounting standards (Zahid & Simga-Mugan, 2019). SAK EP was approved by the Indonesian Financial Accounting Standards Board in 2021 and is expected to be effective in 2025. The 4-year time lag uses the four-year time lag to socialize financial accounting standards and provides preparation time for preparers and users of financial statements to better understand these financial accounting standards (Maradona & Chand, 2018). This standard has been socialized to various entities that have been using SAK ETAP, and responses have been obtained from various parties, namely from cooperative entities, Rural Banks, Regional Companies, and various other entities (Asmara, et al., 2024). It is important for Indonesia to ensure that the SAK EP will not experience resistance in its implementation (Mansoor et al., 2024).

Research related to the implementation of financial accounting standards can be directed toward the relevance of accounting treatments to the actions taken by users of financial statements, or what is called decision usefulness (Perera, et al., 2023; Nguyen, et al., 2023). Decision usefulness is based on the cost-benefit paradigm, in which if the benefits of implementing the standard are greater than the costs of implementing the standard, then the entity's resistance to using the new accounting standard will be reduced. (Mantzari, et al., 2016; Yamani & Almasarwah, 2019). Major accounting standards' changes always raise questions related to two things: (1) significant differences in accounting treatments with previous accounting standards, and (2) the extent to which these differences can produce more precise information for external users of financial statements (Damak-Ayadi, et al., 2020; Mhedhbi & Essid, 2022).

Thus, this study aims to determine the usefulness of the SAK EP from the decision-usefulness perspective of an accounting standard. Accounting decision-making is a structured problem (Williams & Ravenscroft, 2015) that requires a high level of understanding and logic (Akmal, et al., 2012). In addition, decision-making depends on the extent of the decision-maker's perception of the surrounding environment (McEwen & Jeanne Welsh, 2001). Positive perceptions of the surrounding environment encourage decision-makers motivation. Based on this framework, this study elaborates on the aspects of understanding and logic of structured problems using the variable understanding of SAK EP. Meanwhile, the elaboration of aspects of the user's surrounding environment towards SAK EP is carried out with variable perceptions of the accounting profession. In addition to these two independent variables, this study also uses control variables, namely the gender, age, and education level of accounting stakeholders.

This study takes the population of accounting stakeholders to obtain a comprehensive picture of all parties that will be affected by the implementation of the SAK EP. There are: (1) accounting educators, (2) accounting students, (3) preparers of financial statements, and (4) users of financial statements. This study was conducted in West Java Province, Indonesia. West Java Province was chosen because it has a sufficiently large population compared to other provinces in Indonesia, so the sampling of accounting stakeholders in West Java can be quite representative. West Java Province also has a significant number of SAK EP user entities, for example, the largest number of cooperatives in Indonesia and the largest number of rural banks in Indonesia (Hasanah & Ratnaangraini, 2017). This study is expected to make a practical contribution in the form of an analysis of the potential usefulness of SAK EP, including the factual situation of stakeholders towards understanding SAK EP and the perception of the accounting profession, which is very relevant in Indonesia. Indonesia has the largest population in Southeast Asia and is one of the countries with the largest number of private entities internationally. (Siregar, et al., 2020).

The remainder of this paper is organized as follows. The first section provides background, objectives, and contributions. The second section explains the concepts and theories relevant to the research and hypothesis development. The third section describes the research methods used for the preparation of this study. The fourth section describes the research results, hypothesis testing, and implications of the results of this study, and the fifth section concludes the study.

Literature Review

Decision Usefulness Theory

This study uses decision usefulness theory to explain the variables and their interactions. This theory states that accounting regulations reflect the construction of principles that exist in accounting (Rezaie & Kordestani, 2022). Financial reports are a means of transferring information from the compiler of financial statements to users of financial statements. The information contained in financial reports helps users of financial statements to make decisions (Poljašević, et al., 2021). Their decision-making is affected by the quality of information provided by the preparers. Structured and significant decisions require more complete information, quantitatively measured and qualitatively described (Tsoncheva, 2014). By contrast, a simple decision may require more concise information and does not require complicated and complex considerations (Hanifi & Taleei, 2015).

In contrast, there are different information needs for entities with public accountability. Public accountability requires more information because the risk of misinformation borne by users of financial statements is greater (Tuan & Dung, 2023; Mihaylova & Papazov, 2018). One solution to reduce the risk of misinformation is by having financial accounting standards that can accommodate these information needs (Embong & Rad, 2018), for instance IFRS-based accounting standards is a must for entities with public accountability. IFRS has a high degree of use of professional judgment and has higher compliance costs (Krismiaji & Surifah, 2020).

However, the use of a "complex" accounting standard i.e. IFRS-based standards may raise another issue of accounting standard overload (Impink, et al., 2022) if when an entity does not need complex accounting treatments in reporting their transactions (Sorrentino & Smarra, 2014). Financial statement preparers who use complex SAKs that are not proportional to the benefits will only create various improper accounting treatments and may lead to a decrease in the quality of financial reporting (San Ong, et al., 2020). The issues of cost-benefit and accounting standard overload was finally discovered in the process of designing new accounting standards that are more concise and suitable to meet the needs of entities that do not have significant public accountability, namely IFRS for SMEs (Deaconu, et al., 2012).

The usefulness of financial statements will be increased if it is prepared using appropriate accounting standards. Financial statement that prepared with appropriate accounting standards can avoid problems such as excessive disclosure, as well as immaterial disclosures and are not needed by users of financial statements. (Hellman, et al., 2018; Tsalavoutas, et al., 2020). Generally, entities that do not have significant public accountability are referred to in developed countries as Small Medium Enterprise (SME), but in the developing countries, usually the SME refer to informal sectors and the micro sectors (Issam & Ibtissam, 2023). For this reason, many developing countries, such as Indonesia translating the terms of SME as a private entities or entities without public accountability. (Gassen, 2017). Another reason for using the term private entity is that, in the developing countries, SME also have their standards that are much less complex than the IFRS for SMEs. (Sellami & Gafsi, 2018).

The usefulness of financial statements can be assessed using qualitative or pervasive concepts and principles (Barker & Teixeira, 2018). Traditionally, there are two criteria used to measure the usefulness of information, namely (1) relevance and (2) representational faithfulness (International Financial Reporting Standards (IFRS) Foundation, 2015). Relevance refers to the extent of the financial statements' ability to predict and express financial performance following business conditions. Faithful representation refers to the extent to which the presentation of financial statements is free from misstatements, verifiable, and neutral from various interests. In addition to these two criteria, the usefulness of financial statements can

be measured from the perspective of changes in standards that refers to the extent to which new standards provide ease of preparation for preparers of financial statements and provide more comprehensive information for users of financial statements (Imhanzenobe, 2022; Perjuci & Hoti, 2023).

SAKEP

Financial Accounting Standards for Private Entities (SAK EP) are financial accounting standards intended for entities that do not have significant public accountability (Ikatan Akuntan Indonesia, 2021). This standard applies to those entities that do not have significant public accountability are those that are not listed on the capital market or do not have fiduciary capacity (Hoogervorst & Prada, 2015). SAK EP is a new standard to supersede the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). SAK EP has a higher complexity than SAK ETAP but easier to adopt than IFRS accounting standards (Iluwati, et al., 2022).

There are several regulatory changes in SAK EP compared with SAK ETAP, which can be summarized as follows (Ikatan Akuntan Indonesia, 2021; Asmara, et al., 2024):

- Chapter 2, which regulates Pervasive Concepts and Principles, SAK EP accommodated the concept of fair value presentation, with the introduction of a simplification, such as undue cost or effort and the use of other comprehensive income models.
- Chapter 9, which regulates Consolidated Financial Statements, to private entities should consolidate the financial statements of the parent and its subsidiaries, whereas SAK ETAP previously did not have this arrangement.
- Chapters 11-12 which regulate financial instruments, there are accounting treatments related to the classification of financial assets and accounting treatments that can also adopt PSAK 255 (equivalent to IAS 39), where the SAK ETAP previously used arrangements according to accounting standards before IFRS convergence.
- In the chapter that regulates fixed assets and investment property, SAK EP provides the option of presenting assets at fair value, whereas previously SAK ETAP only allowed recording with the cost model.
- In the chapter that regulates investments in associates and joint ventures, presentation options are given in the cost, equity, and fair value models. where the SAK ETAP only allows recording with the cost model.
- In the chapter on income tax, SAK EP required the recording of deferred tax, whereas previously it only required the recording of current tax.
- Chapter 34 discusses arrangements regarding special activities, which include simplified accounting treatment, such as agriculture, service concession agreements, and exploration and evaluation of mineral resources.

SAK EP will be effective as of January 1, 2025, and may be permitted earlier with various transitional provisions. SAK EP is expected to cause implementation turmoil due to increased implementation difficulties, such as those related to consolidated financial statements or the application of the incurred loss model in calculating the allowance for financial asset losses (Asmara, et al., 2024).

Understanding of SAK EP

One of the success factors for effective implementing standards is the extent to which preparers of financial statements can understand the regulatory intent of an accounting standard. Although new implementation

of accounting standards require higher competence for financial statement preparers (Kohlbeck & Warfield, 2010), in the case of SAK EP implementation, this will not be an issue as almost all preparers of financial statements with SAK EP were previously SAK ETAP users (Firmansyah, et al., 2023). Nevertheless, there is optimism that the difficulty of implementing SAK EP would be decreased, evidenced by previous experience of micro, small, and medium-sized entities when they were required to use financial accounting standards for micro, small, and medium enterprises (SAK EMKM) in 2018. Moreover, entities that are required to use SAK EP will be large-scale entities, which are expected to have a good infrastructure to run the accounting system (Indrajati & Dermawan, 2022).

An understanding related to an accounting standard, in principle, is an understanding of the conceptual framework, standards, and interpretations of existing standards. (Suttipun, et al., 2018; Renaldo & Sevendy, 2023). SAK EP is a simplified accounting standard and aligns with the framework of accounting standards in general, namely: (1) conceptual framework; (2) accounting treatment regarding the presentation of financial statements; (3) accounting treatment regarding the contents of the financial statements section; (4) accounting treatment regarding specific accounts of assets, liabilities, equity, income, and expenses; and (5) accounting treatment regarding specific transactions/events (Alzeban, 2016; Septriana, 2020). In this study, to determine the understanding level of SAK EP, two indicators were used: (1) The understanding of the SAK EP itself; and (2) The understanding of the differences of SAK EP and SAK ETAP. The reason to analyze the second perspective was because most preparers of financial statements based on SAK EP have prepared financial statements with SAK ETAP, (Susanti, et al., 2023; Asmara, et al., 2024).

Perception of accounting professions

The accounting decision-making theory originates from a paradigm in which the user's decision-making model is based not only on the user's understanding of information (Schroeder, et al., 2022) but also, to the extent to which users of financial statements appreciate the source of information (Sahu, et al., 2020). A thing done by humans will not be useful if indeed humans do not understand the purpose and objectives of what is done, as well as the context of what is done (Mala & Chand, 2015).

In this study context, decisions made by the accounting profession is further investigated since SAKs are adopted by professional associations of accountants in preparing financial statements in Indonesia. As such, the accounting profession has been expected to maintain moral responsibilities to ensure the financial statements are prepared with the alignment to the SAKs, including accepting the positive and negative impacts of the accounting treatments set out in the SAKs (Adafula, et al., 2018).

Accounting professionals are required to adhere to the professional code of ethics that outlines following characteristics: (1) independence, namely the accounting profession, does not represent the interests of any party; (2) objectivity, namely the accounting profession, views things according to applicable rules, and does not use subjective feelings; (3) accountability, which is responsible in accordance with the professional code of ethics and applicable professional standards; and (4) professional care, where the methods and work patterns of the accounting profession are organized following competency standards, work standards, and reporting standards that are strong and ensure the quality of work (Gaffikin, 2009; Vicente, et al., 2017; Smith, 2017). In addition, the role of accounting for society's welfare is also emphasised along with the current concept of sustainability. Accountants, as part of society, are expected to have trusted, leading, and humanist characteristics so that they can be trusted by the community (Walker, 2016; Carnegie, et al., 2021).

Hypotheses Development

Decision usefulness theory underlies the conceptual development in regulating the presentation of financial statements and transactions in accounting. Accounting practices are permitted and acceptable if they are useful to accounting stakeholders (Harding & Mckinnon, 1997; Gassen & Schwedler, 2010). The usefulness of accounting standards will certainly provide benefits to the preparers in the preparation of financial reporting. SAK EP is expected to improve the quality of financial reporting of private entities; but it needs to be supported by various factors such as competence accountants, having same understanding with the stakeholders, and substantial support for the accounting profession (Marina, 2021).

Stakeholders' understanding is one of the criteria for the successful implementation of standards (Andon, et al., 2015). In general, if stakeholders can understand the core accounting treatments and a standardised financial statement presentation then there would be rarely resistance to the standard (Scapens & Roberts, 1993; Jeppesen, 2010). However, if a standard is indeed costly and difficult to understand, then there can be a case of standard overload that leads to the reduced usefulness of an accounting standard (Caria & Gomes, 2024). In other words, understanding the standards is important for preventing erroneous thinking about the complexity of an accounting standard. Although the complexity of SAK EP can affect the stakeholders' understanding (Vasek, 2011), with socialization, erroneous things about the complexity of SAK EP can be eliminated and can be accepted by stakeholders (Issam & Ibtissam, 2023). Based on this explanation, the first research hypothesis was formulated as follows:

H₁: A higher understanding of SAK EP will increase the usefulness of SAK EP among accounting stakeholders.

The usefulness of accounting standards can also occur if users support the efforts of professional accounting associations (Joshi & Al-Basteki, 1999; Bozkurt & Öz, 2013). The Professional Association of Accountants in Indonesia is a compiler of SAK EP; therefore, a good image of the accounting profession will facilitate the acceptance of SAK EP's accounting stakeholders (Cooper & Robson, 2006). Accounting standards are products that are not easily understood by someone who does not understand accounting practices and environments (Andon, et al., 2010). Hence, a person who understands accounting practices and the environment would be able to tolerate some of the special characteristics of accounting standards, thereby reducing the act of reluctance or resistance to adopting accounting standards (Jackling, 2002), and that person generally prioritizes the benefits to users of financial statements over the costs involved in providing information. (McDowall & Jackling, 2010; Murphy, 2017). Based on the explanation in this paragraph, the second hypothesis is formulated as follows:

H₂: A better perspective on the accounting profession will increase the usefulness of SAK EP among accounting stakeholders.

Methods

This study used a quantitative approach, and the primary data was collected through an online questionnaire. Since the number of accounting stakeholders is difficult to obtain precisely; therefore, the research population is assumed to be infinite. Considering that West Java is one of the most populous provinces in Indonesia, it is expected to have the largest population of accounting stakeholders in Indonesia (Afiah, et al., 2020). West Java is also a province that is quite close to the capital city of Jakarta and has a variety of industries ranging from agriculture, manufacturing, services, finance, and other fields; therefore, hence, West Java can be considered quite representative (Pratama, 2017). The questionnaire was distributed online in an event organized by the Professional Association of Accountants, and 515 accounting stakeholders' respondents were successfully collected. Accounting stakeholders in this study are divided into four groups: (1) accounting educators, including accounting teachers or lecturers. Accounting educators are stakeholders because of their important role in providing an understanding of the technical aspects of SAK and the usefulness of SAK; (2) accounting students, as prospective preparers or users of financial statements; (3) users of financial statements, namely investors and creditors; and (4) preparers of financial statements, in this case, accounting consultants and external auditors. The accounting stakeholders were categorised as follows: (1) 156 individuals representing accounting educators, (2) 148 individuals representing accounting students, (3) 167 individuals representing financial statement preparers, and (4) 44 individuals representing financial statement users.

The questionnaire contained 17 questions that measured the three main variables of the study. The questionnaire asked the accounting stakeholders to make self-assessments. The questionnaire was structured using a Likert scale consisting of four response options: (1) minimum level of agreement/knowledge, (2) low level of agreement/knowledge, (3) adequate level of agreement/knowledge, and (4) high level of agreement/knowledge. The use of Likert scales in even numbers is to ensure that the answers given by respondents are clear answers, because Likert scales in odd numbers provide bias because

many respondents will fill in the middle numbers or those that mean neutral or doubtful (Sekaran & Bougie, 2020). A more detailed description is provided in Table 1.

Table 1. Variable operationalization

Variable	Indicators / Question Items
Understanding of SAK EP (X_1)	<ol style="list-style-type: none"> 1. Understand the purpose and objective of financial statement 2. Understand the significant changes of SAK EP from the previous standard (SAK ETAP) 3. Understand the concept and pervasive principles 4. Understand how financial statements were presented according to SAK EP 5. Understand how significant transactions/accounts were treated according to SAK EP 6. Understand how a technical calculation or measurement according to SAK EP
Perceptions of accounting professions (X_2)	<ol style="list-style-type: none"> 1. Perception regarding the usefulness of the professions for society 2. Perception regarding the accountants' competence 3. Perception regarding the accountants' awareness and images 4. Perception regarding the accountants' contribution to the economy and business 5. Perception regarding the accountants' values: trust, leadership, and humane
Usefulness of SAK EP (Y)	<ol style="list-style-type: none"> 1. Financial statements can be used for financial decision-making 2. Decision-making is more precise with the new standards 3. Financial statement can be more precise in describing an entity's business performance 4. Financial statement preparation is more understandable and robust 5. Financial statements can be more interpretable 6. Interpretation of financial statements is more precise with the new standards

In addition to the three main variables mentioned above, this study used control variables to maintain the consistency and validity of the research results. The control variables used are (1) the educational background of accounting stakeholders (X_3), which is symbolized by 0 if they do not have an educational background in accounting, and 1 if they have an educational background in accounting; (2) age of accounting stakeholders (X_4), which is the real age at the time of filling out the questionnaire; and (3) the last level of education (X_5) of accounting stakeholders, symbolized by one for secondary education, two for vocational higher education, three for undergraduate higher education, and four for postgraduate higher education.

Data analysis will be performed using descriptive and inferential statistical approaches. In addition to the descriptive statistics for each variable, this study also examines whether there are significant differences in values between variables X_1 , X_2 , and Y for each accounting stakeholder. This analysis was carried out using a one-way ANOVA approach. Before the ANOVA test, normality and Levene tests were conducted to

determine the homogeneity of each variable. To test this hypothesis, multiple linear regression statistics were used with the following regression equation:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon \dots \dots \dots (1)$$

Notes:

Y = Usefulness of SAK EP

X₁ = Understanding of SAK EP

X₂ = Perception of accounting profession

X₃ = Education background

X₄ = Age

X₅ = Education level

Results and Discussions

Results

Descriptives

Table 2 shows the demographic profiles of the respondents in this study. As shown in the table, 84.5% of the respondents have accounting education, while 15.5% have no accounting education. Further analysis shows that most of those who do not have accounting education are financial statement preparers. Currently, there are no regulations in Indonesia that require financial statement preparers to be trained in accounting discipline. The distribution of education level shows that almost half of the respondents (49.5%) have a postgraduate degree, indicating a high level of education among the stakeholders. Those with a bachelor's degree also make up a significant proportion (42.3%), showing that a considerable number of respondents are well educated. Only a small percentage have a high school certificate (7.0%) or a diploma (1.2%), emphasising that most stakeholders are academically well qualified. The distribution between the different types of stakeholders is relatively balanced between accounting educators (30.3%), accounting students (28.7%), and financial statement preparers (32.4%). These three groups make up most respondents, indicating a good representation of the academic and practical side of accounting. The smallest group is the financial statement users (8.5%), which could be because this group is less directly involved in accounting standards compared to educators, students, and preparers of financial statements.

Table 2. Demographic profile of the respondents

Educational Background	f	%
Non-accounting background	80	15.5
Accounting background	435	84.5
Education level	f	%
High school	36	7.0
Diploma	6	1.2
Bachelor	218	42.3
Postgraduate	255	49.5
Type of stakeholders	f	%
Accounting educators	156	30.3

Accounting students	148	28.7
Financial statement preparers	167	32.4
Financial statement users	44	8.5

Table 3 presents the descriptive statistics of the variables (dependent, independent and control variables) in this study. As shown in the table, a mean score of 2.995 indicates that the stakeholders have an adequate understanding of SAK EP. It suggests that there is still room for improvement to fully understand the standard. This could indicate that stakeholders still need to learn more about SAK EP to ensure its successful implementation on 1 January 2025. The standard deviation (0.407) indicates moderate variability, suggesting that the understanding of most stakeholders is consistent around the mean. As for the perception of the accounting profession variable, stakeholders have a high perception of the accounting profession with a mean of 3.602. This means that stakeholders generally view the accounting profession favourably, which could be related to its importance, trustworthiness or relevance. The standard deviation of 0.391 reflects a relatively low deviation in the perception of the stakeholders, which indicates a general agreement with this high perception.

Table 3 also shows the descriptive statistics for the usefulness of the SAK EP variable. A mean score of 3.394 indicates that stakeholders consider the SAK EP standards to be very useful. This indicates that the standards are perceived as valuable and beneficial for accounting practice. The standard deviation of 0.431 is slightly higher than the others, indicating a slightly greater variability of opinions, but the overall perception remains quite positive. The table also shows the average age of 37.94, which means that the stakeholders are middle-aged on average. The relatively high standard deviation of 13.544 indicates that there is a wide age range among stakeholders, ranging from 18 years to 71 years. This age diversity could mean that the sample includes younger people, such as students or young professionals, as well as more experienced or older professionals, such as educators and financial statement preparers. In conclusion, the stakeholders generally exhibit adequate understanding of SAK EP but show high perceptions of the accounting profession and the usefulness of the standards, indicating positive attitudes towards both the profession and the standards.

Table 3. Descriptive statistics of the variables

Variables	Mean	Std Dev	Interpretation
Understanding of SAK EP (X_1)	2.995*	0.407	Adequate understanding
Perception on accounting profession (X_2)	3.602*	0.391	High perception
Usefulness of SAK EP (Y)	3.394*	0.431	High usefulness
Age of Stakeholders	37.940	13.544	Max: 71 & Min:18

* Notes: 1.00 – 1.75 (Minimal); 1.76 – 2.50 (Low); 2.51 – 3.25 (Adequate); 3.26 – 4.00 (High)

Table 4 contains a detailed description of the understanding of SAK EP at the level of variable indicators. The table shows that stakeholders generally have adequate to high understanding of SAK EP, especially in the areas related to overall purpose and differences from the previous standard. However, the mean scores for the more technical aspects, such as the treatment of significant transactions and technical calculations, are slightly lower. This suggests that while stakeholders are familiar with the broader concepts of the SAK EP, additional focus on more technical areas may be required to ensure a deeper and more consistent understanding across stakeholders.

The standard deviations for all indicators are moderate, with the scores for the more technical aspects being slightly higher, indicating some inconsistency in understanding across stakeholders. This suggests that further training or education could be beneficial to close the knowledge gaps, especially in areas concerning technical calculations and specific treatments under SAK EP.

Table 4. Description of Variable Indicators of Understanding SAK EP

No	Indicators / Question Items	Mean	Std Dev
1	Understand the purpose and objective of financial statement	3.043	0.448
2	Understand the significant changes of SAK EP from previous standard (SAK ETAP)	3.029	0.447
3	Understand the concept and pervasive principles	3.016	0.458
4	Understand how financial statements were presented according to SAK EP	3.004	0.495
5	Understand how significant transactions/accounts were treated according to SAK EP	2.942	0.522
6	Understand how a technical calculation or measurement according to SAK EP	2.938	0.522

Notes: 1.00 – 1.75 (Minimal); 1.76 – 2.50 (Low); 2.51 – 3.25 (Adequate); 3.26 – 4.00 (High)

Table 5 shows the mean and standard deviation of the variable indicators for the perception of the accounting profession. All five indicators for the perception of the accounting profession are rated highly (mean values between 3.26 and 4.00). The highest-rated indicator is the contribution of accountants to the economy and business (mean = 3.748), suggesting that accountants are important resources to the economic system and play a key role in financial decision-making, corporate governance, and business sustainability. The lowest score is awareness and image (mean = 3.476). This may reflect the perception that accountants tend to work behind the scenes, resulting in their contributions being less recognised by the public. In addition, public understanding of the accounting profession may focus on compliance and technical tasks rather than broader societal contributions, which could affect their image. However, the score is still in the high perception range. The variability of responses is generally low (standard deviations are around 0.4–0.5), suggesting that the accounting profession is consistently perceived favourably across the various dimensions.

Table 5. Description of Variable Indicators of Perceptions of the Accountant Profession

No	Indicators / Question Items	Mean	Std Dev
1	Perception regarding the usefulness of the professions for society	3.656	0.433
2	Perception regarding the accountants' competence	3.676	0.481
3	Perception regarding the accountants' awareness and images	3.476	0.589
4	Perception regarding the accountants' contribution to the economy and business	3.748	0.435
5	Perception regarding the accountants' value: trust, leadership, and humane	3.534	0.464

Notes: 1.00 – 1.75 (Minimal); 1.76 – 2.50 (Low); 2.51 – 3.25 (Adequate); 3.26 – 4.00 (High)

Table 6 shows the description in relation to the indicators for the usefulness of the SAK EP variable. Overall, the stakeholders rate the usefulness of the financial statements highly, especially for decision-making (highest mean score: 3.633). The annual financial statements are an important tool for stakeholders to make informed decisions. They provide insight into a company's financial performance and position, which reinforces their perceived usefulness in decision-making processes. The lowest indicator is the interpretation of financial statements with SAK EP, with a mean score of 3.258, indicating some challenges in applying the new standards. Although the new standards aim to improve clarity, stakeholders may feel that their understanding of the new standards is still evolving. The complexity of the accounting standards

may lead to variability in responses, reflecting a transition period as stakeholders learn how to effectively interpret the updated financial statements.

Table 6. Description of SAK EP Variable Indicators of Usefulness

No	Indicators / Question Items	Mean	Std Dev
1	Financial statements can be used for financial decision-making	3.633	0.490
2	Decision-making is more precise with the new standards	3.373	0.548
3	Financial statements can be more precise in describing an entity's business performance	3.449	0.535
4	Financial statement preparation is more understandable and robust	3.338	0.557
5	Financial statements can be more interpretable	3.315	0.563
6	Interpretation of financial statements is more precise with the new standards.	3.258	0.593

Notes: 1.00 – 1.75 (Minimal); 1.76 – 2.50 (Low); 2.51 – 3.25 (Adequate); 3.26 – 4.00 (High)

ANOVA

The ANOVA assumption test showed that the data were not normal and had homogeneity problems. To overcome these problems, Welch's approach is used. It is a robust analysis when the assumptions of the ANOVA test are violated. Table 7 shows the results of the ANOVA test with Welch's approach performed for the three main variables of the study. This shows that there are significant differences ($p < 0.001$) between the groups of accounting stakeholders.

Accounting educators demonstrate the highest understanding SAK EP standards (X1) with the mean score of 3.081, significantly surpassing accounting students who scored the lowest (2.869). This suggests that the training and expertise of educators enable them to understand these standards more thoroughly than students or other stakeholders. In terms of perceptions of the accounting profession (X2), all groups rated it highly, with educators again coming out on top with a mean score of 3.703, while accounting students scored the lowest with a mean score of 3.554. However, the differences in the scores were less pronounced than in their understanding. The perceived usefulness of SAK EP (Y) was also rated highest by educators (3.529) and lowest by students (3.303), with financial statement preparers and users having relatively similar scores.

Table 7. ANOVA Test Results

Accounting Stakeholders	Average Score per variables		
	X1	X2	Y
Accounting educators	3.081	3.703	3.529
Accounting students	2.869	3.554	3.303
Financial statement preparers	3.010	3.546	3.334
Financial statement users	3.057	3.617	3.451
ANOVA test			
F-score	7.725	5.511	9.028
sig	0.000***	0.001***	0.000***

Note: ***: significant at $\alpha = 1\%$; **: significant at $\alpha = 5\%$; *: significant at $\alpha = 10\%$

Multiple regressions

Research hypothesis testing was performed using multiple linear regression. Classical assumption tests in the form of normality, multicollinearity, and heteroscedasticity tests were also conducted. This violates the heteroscedasticity assumption. To correct the impact of this violation, multiple regression with the Huber-White approach was performed to interpret the results of the regression test.

The regression test results are presented in Table 8. From the regression model formed, the adjusted R-squared value is 42.58%, which indicates that the model formed is good enough to be interpreted and that all variables in the study contributed as much to variable Y as almost half of all possible variables. The results of the F-test also show that the model is good and can be interpreted further.

Table 8. Multiple Linear Regression Test

Variables	Coefficient	Std. Error	t-Statistic	Prob.
C	0.422199	0.127976	3.299039	0.0010***
X1	0.264944	0.037709	7.025972	0.0000***
X2	0.598729	0.036909	16.22188	0.0000***
X3	0.001260	0.001309	0.962595	0.3362
X4	-0.003046	0.022209	-0.137128	0.8910
X5	-0.018514	0.040137	-0.461256	0.6448
R-squared	0.431437			
Adjusted R-squared	0.425852			
F-statistic	77.24792			
Prob(F-statistic)	0.000000***			

Note: ***: significant at $\alpha = 1\%$; **: significant at $\alpha = 5\%$; *: significant at $\alpha = 10\%$

The regression test results show that understanding SAK EP (X1) and perception of the accounting profession (X2) both have significance values below α . Hence, research hypotheses 1 and 2 are accepted. These results indicate that SAK EP is highly beneficial when stakeholders have objective conditions, namely a high understanding of the standards, and subjective views, namely a high perception of the accounting profession. The test results for the control variables show that all significance values are above α . It can therefore be concluded that the demographic characteristics, namely the education background (X3), age (X4), and education level (X5) of the accounting stakeholders, have no influence on the perception of the usefulness of SAK EP.

Discussions

In general, this study shows that SAK EP meets the expectations of stakeholders. SAK EP, which is a simpler accounting standard than SAK IFRS, but more complex than the previous accounting standard (SAK ETAP), is seen as beneficial to accounting stakeholders (Deaconu, et al., 2012; Damak-Ayadi, et al., 2020). The concern with implementing a new accounting standard is the resistance of accounting stakeholders (Jeppesen, 2010; Yamani & Almasarwah, 2019). In the Indonesian context, this study proves that stakeholder resistance does not seem to be significant. Although the level of understanding of SAK EP is not high, the high perception of the accounting profession makes accounting stakeholders believe that this new accounting standard can bring benefits.

The first hypothesis of the study is accepted, such that understanding SAK EP has a positive influence on the usefulness of SAK EP. An interesting aspect of this research is that the understanding of SAK EP is still not optimal for stakeholders, especially for students and financial statement prepares. The students' lack of understanding of SAK EP can be attributed to the misalignment in the financial accounting syllabus at Indonesian universities, which tends to prioritize SAK IFRS-based standards while giving less attention

to SAK EP. (Nasution, et al., 2018). The main consideration is that by learning the IFRS-based SAK, it can be ensured that students can easily learn the SAK EP (Dewi & Dewi, 2019). This opinion is not entirely correct because various previous studies have also shown that smaller accounting standards do not mean that they are simply a simplification of large accounting standards (Kinkela & Malindredos, 2010; Jackling, et al., 2012; Alzeban, 2016). For example, the arrangements related to financial instruments in SAK EP are not as complicated as in SAK IFRS, but there are materials related to references to PSAK 55 and the incurred loss model, which are not found in SAK IFRS because IFRS uses PSAK 71 and the expected loss model (Kaya & Koch, 2015; Zahid & Simga-Mugan, 2019). The results of this study also indicate that preparers of financial statements have a lower understanding of SAK EP compared to users of financial statements. This discrepancy may lead to a significant expectation gap in financial reporting, as preparers who lack adequate understanding and expertise may produce financial statements that do not meet the required quality of financial reports. As a result, this gap can have a negative impact on the quality of decisions made by stakeholders who rely on these financial statements to make an informed judgement (Joshua Abimbola, et al., 2021). In addition, a poor understanding of the preparers of financial statements can also lead to a high level of errors when presenting financial statements and disappointment in users of financial statements with accounting standards (NGUYEN, et al., 2022; Mardini, et al., 2015). Based on the results of this first hypothesis, it can be illustrated that there is still a need for structured education and training to improve the understanding of accounting stakeholders on the SAK EP aspect, either through higher accounting education in universities or training activities conducted by various accounting associations or institutions.

The second hypothesis is also accepted as the perception of the accounting profession has a positive influence on the usefulness of SAK EP. The interesting matter about the results this second hypothesis test is the high perception of the accounting profession in Indonesia by stakeholders. This is encouraging as Indonesia has one of the lowest ratios of accountants to people and companies in Southeast Asia (Adhariani, et al., 2019). These results show that despite the low ratio of accountants in Indonesia, accounting stakeholders have pride in the accounting profession. Pride in the accounting profession creates trust in the role and performance of the accounting profession, including SAK EP (Alimbudiono, 2020; Hatane, et al., 2022). Based on the results of this second hypothesis, it can be illustrated that the accounting profession needs to keep engaging accounting stakeholders in various activities so that stakeholders can understand and internalise the values of the vision and mission of the profession, as well as the actual role of the profession in the country.

Conclusions

This study proves that SAK EP can assist in achieving the financial statements objectives, namely decision usefulness, by providing comprehensive financial performance, financial position, and cash flow information of private entities. It is tailored to the needs of smaller, non-public companies which its users often local investors and lenders. The standard is ensuring that private entities can maintain transparency and accountability of the financial information while avoiding unnecessary complexity. Both research hypotheses are statistically significant, indicating that the key to the right decision is a standard that accommodates the interests of users. To be able to apply accounting standards appropriately requires an understanding of a standard and is also supported by trust and respect for the accounting professional environment. This research successfully proves that in Indonesia, especially West Java, accounting stakeholders have high trust in the accounting profession and have also accepted SAK EP as an accounting standard that can produce financial statements for decision-making.

Future research may include several aspects. Other regions in Indonesia can be included as samples, especially in Central and Eastern Indonesia. There is a possibility of different levels of understanding and perceptions of stakeholders due to accounting profession in Indonesia is still centred in the West, as well as in urban areas. Future research can also analyse the usefulness of other accounting standards, such as financial accounting standards for Micro, Small, and Medium Entities, which are also newly implemented in Indonesia. Finally, future research can also analyse the research variables for every type of accounting stakeholders. This study was not conducted because the research location was only one province, and the

sample size was not large enough for each stakeholder group. Other research can consider other provinces besides West Java so that more samples per stakeholder group can be taken.

Acknowledgments

The authors would like to thank the Indonesian Accountants Association of West Java Region for organizing the SAK EP training and socialization activities and assisting in the distribution and collection of research questionnaires. The authors would like to thank the members of the IAI West Java Region and the participants of the activity who completed the questionnaire to collect data for this research.

Funding Statement: The study was self-funded.

Data Access Statement: Research data supporting this publication are available upon request.

Conflict of Interest declaration: The authors declare that they have no affiliations with or involvement in any organization or entity with any financial interest in the subject matter or materials discussed in this manuscript.

Author Contributions: AP and WY contributed to the design and implementation of the research, AP, RI, and KM to the analysis of the results and to the writing of the manuscript. AP conceived the original and supervised the project.

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