

Analysis of The Effect of The Application of Financial Accounting Standards (FAS) on The Quality of The Company's Financial Statements

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Article history:

Received: 2025-06-18

Revised: 2025-06-25

Accepted: 2025-06-28

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Abstract

This study aims to analyze the effect of the application of Financial Accounting Standards (FAS) on the quality of financial statements of companies in the West Java region. The problem underlying this research is that there are still financial reports that are less transparent, not in accordance with standards, and not fully reliable by stakeholders. This raises the urgency to evaluate the extent to which the application of FAS contributes to improving the quality of financial information presented by the company. This study uses a quantitative approach with a survey method of 40 companies from various sectors and businethe level of application of FAS can explain 53% of the variation in the quality of financial statementssss scales in West Java Province. The instrument used is a questionnaire, which has been tested for validity and reliability. Data analysis was carried out with simple linear regression to determine the effect between the application of FAS on the quality of financial statements. The results showed that the application of FAS had a positive and significant effect on the quality of financial statements, with a regression coefficient of 0.529 and a significance value (p) of 0.000. The R² value of 0.530 indicates that 53% of the variation in the quality of financial statements can be explained by the level of application of FAS. These results are in line with previous literature that emphasizes the importance of accounting standards in ensuring comparability, relevance, reliability, and understandability of financial statements. Theoretically, this study contributes to the literature by strengthening the empirical linkage between accounting standard compliance and financial reporting transparency, particularly within the context of emerging regional economies such as West Java.

Keywords: Java_West, SAK, Quality_of_Financial_Reports.

JEL Classification: M41, M48, G30

1. Introduction

Financial statements are a vital component of the accounting information system (Alawaqleh, 2021) which serves as the basis for economic decision making by various interested parties, such as investors, creditors, management, and government (Gardi et al., 2021). Investors utilize financial statements to assess the Company's performance and prospects (Ahmad et al., 2022), creditors use it to measure the entity's ability to meet obligations, management needs financial information to design business strategies, while the government uses it as a reference in setting fiscal and taxation policies (Dang & Tran, 2021). To be able to carry out this function optimally, financial reports are required to have high quality, which must be relevant (directly related to decision making), reliable (free from material bias and error), comparable (both between periods and between entities), and easily understood by users (Baumüller & Sopp, 2022). International standards even emphasize that these qualitative characteristics are the main pillars of effective financial reporting (International Accounting Standards Board, 2018). Without quality financial statements, decision-making can be inappropriate, high-risk, and lead to business failure and wider economic losses.

Financial Accounting Standards (FAS) play an important role as a normative reference in preparing financial statements that are uniform and widely accepted (Onah & Edeh, 2024). FAS are designed to ensure that the process of recording, measuring, disclosing and reporting financial



transactions is carried out consistently and in accordance with applicable accounting principles. (Morshed, 2024). Theoretically, the application of SAK is believed to be able to improve the quality of financial statements because it encourages the presentation of information that is more transparent, relevant, and verifiable, thus minimizing the potential for manipulation or data deviation (Akai et al., 2023). The implementation of this standard also contributes to increasing investor and creditor confidence in the information presented by the company. In Indonesia, the development of SAK has undergone a significant transformation (Srivastava & Muharam, 2022). Starting from the adoption of practice-based accounting principles in the United States, Indonesia then led to convergence with the International Financial Reporting Standards (IFRS) since 2008 (Demung et al., 2025). This convergence effort is being carried out in stages by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI), with the aim of improving the competitiveness of Indonesian companies in the global arena and harmonizing financial reporting practices with international standards. To date, Indonesia has adopted most of the IFRS into the SAK, including important standards such as PSAK 71 (Financial Instruments), PSAK 72 (Revenue from Contracts with Customers), and PSAK 73 (Leases), all of which are effective from January 1, 2020 (IAI, 2020). This convergence not only aims to improve the quality of financial information, but also to strengthen the accountability and integrity of reporting in the Indonesian business environment.

West Java Province is one of the centers of national economic growth supported by a diverse business structure, ranging from micro, small and medium enterprises (MSMEs) to large manufacturing companies and public companies. Based on data from the West Java Central Bureau of Statistics (BPS), in 2023 there were more than 4.5 million MSME units spread across various regions, making it the province with the largest number of MSMEs in Indonesia. In addition, industrial areas such as in Karawang, Bekasi and Purwakarta are also home to hundreds of national and multinational manufacturing companies, which contribute significantly to national exports. This diversity of business structures reflects the dynamics of needs and capacity in the preparation of financial statements (Cyfert et al., 2021).

However, there is considerable variation in the level of understanding and application of Financial Accounting Standards (FAS) among businesses in West Java. Large companies and publicly listed companies have generally applied SAK consistently because they are required by regulations and the need for transparency to shareholders and capital market authorities (Pratama et al., 2024). In contrast, many MSMEs still face challenges in implementing SAK adequately, mainly due to limited access to competent human resources in accounting and suboptimal financial literacy (Agustina & Augustine, 2024). A study by the Ministry of Cooperatives and SMEs (2023) shows that more than 70% of MSMEs in Indonesia, including in West Java, do not yet have financial statements that comply with accounting standards. Another significant challenge is the limited supporting infrastructure, such as SAK-compliant accounting software, as well as the lack of training and technical assistance in the preparation of standards-based financial statements. This is a major obstacle in ensuring uniformity and quality of reported financial information. Therefore, capacity building efforts and continuous socialization of SAK are very important, especially for business actors in regions that do not have access to accounting professionals.

The main problem that is the focus of this research is whether the application of Financial Accounting Standards (SAK) is actually able to improve the quality of financial statements of companies in the West Java region. Although SAK is normatively designed to improve the quality of financial reporting, in practice there are still many financial statements that do not fully meet the basic principles of accounting such as relevance, reliability, and comparability (Agbodjo et al., 2021). This can be seen from the discovery of company financial reports, especially among MSMEs and some medium-scale companies, which are not prepared based on standard accounting principles and procedures. In some cases, financial statements are prepared only as an administrative formality and do not reflect the actual financial condition of the company (Ramadhan & Firmansyah, 2022). This condition shows that there is a significant gap between regulations that require the application of SAK and the real implementation in the field. This gap can be caused by a number of factors, including the lack of supervision and guidance from relevant authorities, weak accounting literacy among business actors, and limited access to accounting professionals who understand SAK in depth. In addition, the motivation of companies in preparing financial statements is often more for administrative compliance than as a strategic tool for decision-making (Njideka Ihuoma Okeke et al., 2024). Thus, the critical question that needs to be answered is the extent to which the application of SAK really has a positive impact on the quality of financial statements of companies in West Java, especially taking into account differences in business scale, industry sector, and the level of readiness of human resources in each entity. Field findings that show discrepancies or deficiencies in financial reporting are important indicators that

the effectiveness of SAK implementation still needs to be studied in more depth and based on empirical data.

The urgency of this study lies in the importance of obtaining empirical evidence on the effect of the application of Financial Accounting Standards (FAS) on the quality of financial statements of companies in West Java. Although SAK is normatively designed to increase transparency and accountability, its implementation in the field often faces challenges, especially among MSMEs and medium-sized companies. Therefore, an in-depth analysis is needed to assess whether the implementation of SAK really contributes to improving the quality of financial statements, especially in the aspects of relevance, reliability, and comparability. This study aims to identify and analyze the relationship between the application of SAK and the quality of financial statements of companies in West Java. The results of the study are expected to provide benefits for regulators as a basis for formulating supervisory and coaching policies, for companies to improve compliance and credibility of financial statements, and for academics as a reference in the development of local context-based accounting studies.

Based on this background, this study aims to analyze the effect of the application of Financial Accounting Standards (FAS/SAK) on the quality of corporate financial statements. The focus is on how compliance with these standards affects dimensions such as reliability, relevance, comparability, and understandability. Although numerous studies have examined the role of accounting standards in improving financial reporting, there remains a lack of empirical research that specifically investigates accountants' perceptions in the Indonesian regional context particularly in West Java regarding the effectiveness of SAK implementation in enhancing financial reporting quality. This study seeks to fill that gap by providing context-specific evidence from professionals directly involved in preparing financial statements. In doing so, it aims to contribute not only to practical improvements in accounting practices but also to the academic discourse on financial standardization in emerging economies.

2. Method, Data, and Analysis

This study uses a quantitative method with an associative approach because it aims to analyze the extent to which the application of Financial Accounting Standards (SAK) affects the quality of financial statements of companies in the West Java region. This method allows researchers to measure the relationship between variables objectively and statistically, and test the hypotheses that have been formulated (Kumar & Praveenakumar, 2025). The population in this study are companies operating in West Java, both on a small, medium and large scale. The sample will be determined through purposive sampling technique, namely companies that have prepared financial statements for at least the last two years. Data is collected through a structured questionnaire that measures the level of application of SAK and the quality of financial statements based on four main characteristics: relevance, reliability, comparability, and understandability. The data analysis technique used is linear regression test to determine the significant effect between the independent and dependent variables (Lee, 2022). This approach is expected to provide a strong empirical picture of the effectiveness of SAK implementation in improving the quality of corporate financial reporting in West Java. Table 1 displays the questionnaire grid.

The primary data were obtained through structured questionnaires using a Likert scale to measure respondents' perceptions regarding the implementation of SAK and the perceived quality of financial statements. Prior to analysis, the questionnaire items were tested for validity and reliability to ensure measurement accuracy. Data analysis consisted of descriptive statistics and correlation analysis to determine the strength and direction of the relationship between variables. All data processing was carried out using SPSS software, which provided tools for efficient data entry, frequency analysis, cross-tabulation, and correlation testing.

Table 1. Questionnaire Grid

Variable	Indicator	Statement Number
Implementation of SAK	Recognition and measurement in accordance with SAK	1, 2
	Report presentation according to standard format	3, 4
	Consistency of SAK application from year to year	5, 6
	HR competence in understanding SAK	7, 8
Financial Statement Quality	Relevance	9, 10
	Reliability	11, 12
	Comparability	13, 14
	Comprehensibility	15, 16

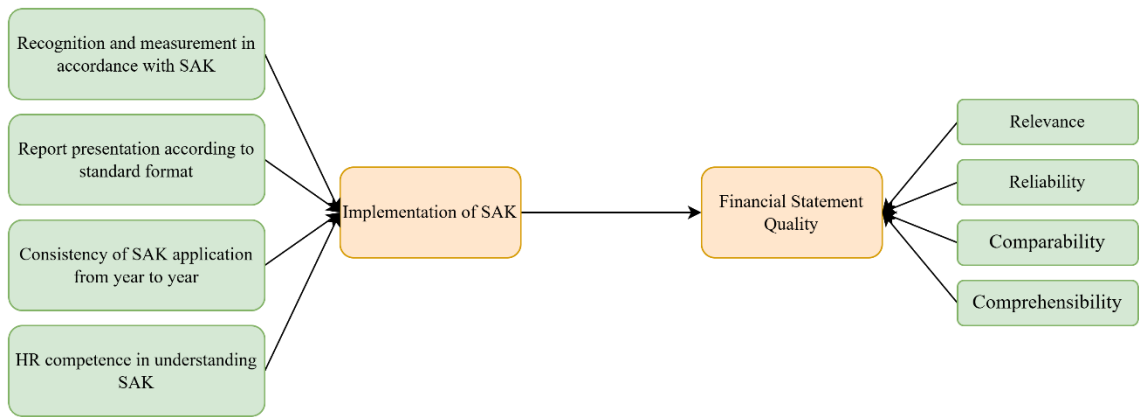


Figure 1. Research Model

3. Results

This study involved a number of respondents who are representatives of various companies operating in the West Java region. Based on the data obtained, the respondents' business types include manufacturing, trade, services, and other relevant sectors. The scale of the company consists of micro, small, medium and large enterprises, with the majority of companies in the medium and large categories. The length of operation of the companies varies, ranging from those that have been established for less than five years to those that have been operating for more than 15 years, which reflects the level of maturity and experience of the companies in managing financial statements. All companies that became the object of research were located in various cities and regencies in West Java. In terms of respondents, the majority are staff or heads of accounting and finance. Others served as financial managers or directors. The educational background of the respondents generally comes from the fields of accounting, management and finance, both at the diploma, undergraduate and postgraduate levels. The level of work experience also varies, with most respondents having more than five years of work experience in the field of financial statement preparation.

Table 2. Respondent Description

Categories	Subcategories	Total	Percentage (%)
Business Type	Manufacturing	14	35%
	Services	12	30%
	Trade	10	25%
	Others (construction, IT, etc.)	4	10%
Company Scale	Micro	2	5%
	Small	8	20%
	Medium	18	45%
	Great	12	30%
Length of Operation	< 5 years	4	10%
	5-10 years	13	32,5%
	11-15 years	12	30%
	> 15 years	11	27,5%
Respondent's Position	Accounting/Finance Staff	18	45%
	Head of Finance	14	35%
	Finance Manager/Director	8	20%
Last Education	D3	8	20%
	S1	26	65%
	S2	6	15%
Work Experience	< 3 years	4	10%
	3-5 years	8	20%
	6-10 years	12	30%
	> 10 years	16	40%

Source: Researchers' analysis

This study involved 40 respondents from various companies in the West Java region. Based on the type of business, most companies are engaged in the manufacturing sector (35%), followed by the service sector (30%), trade (25%), and the rest come from other sectors such as construction and technology (10%). In terms of scale, medium-sized companies dominate with a proportion of 45%, followed by large companies at 30%, small companies at 20%, and micro companies at 5%. The length of operation of the companies involved in this study shows that most have been established for more than 10 years, with 32.5% operating for 5-10 years, 30% for 11-15 years, and 27.5% for more than 15 years. Only 10% of the companies are less than five years old.

All companies that are the object of research are spread across several major cities/regencies in West Java, including Bandung City, Bandung Regency, Bekasi City, Bogor City, Cimahi City,

and Karawang Regency. The respondents in this study are parties directly involved in the preparation of financial statements, namely accounting/finance staff (45%), head of finance (35%), and manager or finance director (20%). The educational background of the respondents mostly came from the S1 level (65%) with the majority of accounting and management study programs. A total of 20% have a D3 education, and the remaining 15% have taken postgraduate education (S2). In terms of work experience, respondents with more than 10 years of service accounted for 40%, followed by respondents with 6-10 years of experience (30%), 3-5 years (20%), and less than 3 years at 10%.

This study measures two main variables, namely the Application of Financial Accounting Standards (SAK) as the independent variable (X) and the Quality of Financial Statements as the dependent variable (Y). Data was obtained from the results of a questionnaire filled out by 40 respondents. Each variable was measured using a five-point Likert scale and analyzed with descriptive statistics including minimum, maximum, mean, and standard deviation. The application of SAK consists of indicators such as the suitability of accounting policies, consistency in the application of standards, and recording and reporting in accordance with the latest SAK provisions. The results of descriptive statistics show that the average score for the application of SAK is 4.12, with a standard deviation of 0.46, a minimum value of 3.00, and a maximum of 5.00. This shows that most respondents assess that the company has implemented SAK quite well, although there is still a slight variation between companies. The quality of financial statements is measured through four main dimensions: relevance, reliability, comparability, and understandability. The measurement results show an average overall score of financial statement quality of 4.03, with a standard deviation of 0.48. The relevance dimension obtained the highest average (4.18) while comparability was at the lowest position (3.89), indicating that there are still challenges in preparing consistent reports over time.

Table 3. Statistics Descriptif

Variable	Indicator/Dimension	Min	Max	Average	Standard Deviation
Implementation of SAK	Recognition and measurement in accordance with SAK	3	5	4,15	0,43
	Report presentation according to standard format	3	5	4,10	0,46
	Consistency of SAK application from year to year	3	5	4,13	0,44
	HR competence in understanding SAK	3	5	4,08	0,49
Overall average Implementation of SAK				4,12	0,46
Kualitas Laporan Keuangan	Relevance	3,20	5	4,18	0,41
	Reliability	3,00	5	4,06	0,47
	Comparability	2,80	5	3,89	0,52
	Comprehensibility	3,00	5	4,00	0,49
Overall average Financial Statement Quality				4,03	0,48

The implementation of SAK scores quite high in general, indicating that the majority of companies in West Java have implemented accounting standards quite well, especially in the aspects of SOPs and reporting consistency. In the Financial Statement Quality variable, the relevance dimension is most prominent, while comparability has the lowest average, indicating challenges in maintaining consistency between periods or between companies.

Before further analysis is carried out, first the validity and reliability tests of the questionnaire instruments used in this study are carried out. The validity test aims to measure the extent to which the instrument is able to measure what should be measured, while the reliability test aims to assess the consistency of respondents' answers to the questions asked. The validity test was carried out using Pearson correlation analysis (Product Moment) with the provision that an item was declared valid if the value of r count was greater than r table. At a significance level of 5% with 40 respondents, the r table is set at 0.312. The test results show that all items on the Financial Accounting Standards Implementation variable (X) and the Financial Statement Quality variable (Y) have a value of r count> 0.312, so that all statements in the questionnaire are declared valid. Meanwhile, the reliability test is carried out using the Cronbach's Alpha value, with a minimum limit of $\alpha > 0.7$ to be declared reliable. The reliability test results show that the SAK Implementation variable has a Cronbach's Alpha value of 0.842 and the Financial Statement Quality variable is 0.814. Thus, both instruments have a very good level of internal consistency and are suitable for use in this study.

Table 4. Validity and Reliability Test

Variable	Number of Items	r count	r table (n = 40)	Validity Decision	Cronbach's Alpha	Reliability Decision
Implementation of SAK	6	0,515	0,312	Valid	0,842	Reliabel
Financial Statement Quality	4	0,711	0,312	Valid	0,814	Reliabel

Source: Researchers' analysis

The test results show that all statement items on the Application of Financial Accounting Standards (SAK) and Financial Statement Quality variables have a correlation value that exceeds r table, namely with a range of r counts between 0.515 to 0.742 for variable X, and 0.481 to 0.711 for variable Y. This shows that each question item used in the questionnaire has a significant correlation with the total score, so that all items are declared valid. Furthermore, the reliability of the instrument was tested using the Cronbach's Alpha coefficient. A construct is declared reliable if its Cronbach's Alpha value is greater than 0.70. Based on the test results, the α value is 0.842 for the SAK Implementation variable (X) and 0.814 for the Financial Statement Quality variable (Y). This value indicates that the internal consistency between items in each variable is in the high category. Thus, it can be concluded that the questionnaire instrument used in this study is not only content valid, but also has excellent reliability to measure the variables studied. The feasibility of this proven instrument is an important foundation for the accuracy and validity of research findings, especially in analyzing the effect of SAK implementation on the quality of financial statements of companies in the West Java region. By using valid and reliable measuring instruments, the research results are expected to provide a credible empirical picture that can be accounted for academically and practically.

After ensuring that the data collected comes from a reliable instrument, the next step is to conduct a classical assumption test before running a simple linear regression model. The classical assumption test is needed to ensure that the model built meets the statistical requirements so that the regression results can be interpreted validly. The first test is the normality test, which aims to determine whether the residuals in the model are normally distributed. The Kolmogorov-Smirnov test results show a significance value of $0.200 > 0.05$, so it can be concluded that the residual data is normally distributed. The second test is the multicollinearity test, which in the context of simple linear regression is not relevant because there is only one independent variable. However, if in the future this research is developed by adding more than one independent variable, then multicollinearity needs to be tested by ensuring a tolerance value > 0.10 and $VIF < 10$. Finally, a heteroscedasticity test is carried out using the Glejser method to determine whether there is a non-constant residual variance. The test results show a significance value of $0.184 > 0.05$, which means there are no symptoms of heteroscedasticity in the model.

Table 5. Classical Assumption Test

Test Type	Methods/Statistics Used	Significance Value	Criteria	Conclusion
Normalitas	Kolmogorov-Smirnov	0,200	Sig > 0,05	Data is normally distributed
Heteroskedastisitas	Glejser Test	0,184	Sig > 0,05	No heteroscedasticity

The normality test results show that the residual data is normally distributed, which indicates that the deviation of the prediction results from the actual data is random and not patterned. Furthermore, the heteroscedasticity test confirms that the residual variance is homogeneous, or there are no symptoms of inconstant distribution, which is one of the main requirements in ensuring unbiased and efficient model estimation. Meanwhile, although the multicollinearity test is irrelevant in simple linear regression because there is only one independent variable, there was no indication of interrelationships between variables that could interfere with the interpretation of the model.

With the fulfillment of these three basic assumptions, the linear regression model to be used is declared feasible and valid for further statistical analysis. This provides a strong basis for testing the causal relationship between the independent variable, namely the application of Financial Accounting Standards (FAS), and the dependent variable, namely the quality of financial statements. Therefore, the regression analysis can be continued with a high level of confidence that the estimation results obtained will reflect accurate empirical relationships and can be scientifically accounted for.

Table 4. T-test Coefficients^a

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
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		B	Std. Error	Beta		
1	(Constant)	8.059	1.530		2.181	.002
	Financial Statement Quality	.529	.035	.845	13.543	.000

a. Dependent Variable: Financial Statement Quality

Source: Researchers’ analysis

The calculated t value of 4.927 is greater than the t table of 13.543 (at the 5% significance level with df = 38), which again reinforces that there is a significant relationship between the independent and dependent variables. Overall, these regression results provide empirical evidence that consistent and standardized implementation of SAK can directly improve the quality of corporate financial reporting, especially in the West Java region. This finding supports the important role of accounting regulations in improving the transparency and accountability of financial information presented to stakeholders.

The results of the T-test show that the application of Financial Accounting Standards (SAK) has a significant effect on the quality of financial statements, with a regression coefficient value of 0.529. This means that for every one-unit increase in the effective implementation of SAK, the quality of the company’s financial statements increases by 0.529 units. From a managerial perspective, this coefficient implies that consistent and correct application of SAK can meaningfully improve the reliability, comparability, and relevance of financial reports. For decision-makers within the company, this translates to enhanced credibility with stakeholders, reduced risk of misinterpretation of financial data, and stronger compliance with national and international reporting standards. A practical example of this can be seen in PT Bio Farma, a state-owned pharmaceutical company based in Bandung, West Java, which has been recognized for its commitment to SAK implementation. The company consistently applies accrual-based standards, fair value measurement, and proper revenue recognition policies in line with PSAK. Their financial statements not only comply with regulatory requirements but also support transparency and accountability in public health finance. This reinforces the study's empirical findings that effective adoption of SAK is not only statistically significant but also strategically beneficial in the real business context of companies operating in West Java.

After conducting the t test to test the significant effect between the use of AI and the quality of financial statements, the next step is to analyze the coefficient of determination (R^2). This analysis aims to determine how much proportion of the variation in the dependent variable (Financial Statement Quality) can be explained by the independent variable (Implementation of SAK). Thus, the R^2 value provides an overview of the strength of the regression model in explaining the relationship between the variables studied as a whole.

Table 5. Coefisien Determinasi

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728 ^a	.530	.517	4.806

a. Predictors: (Constant), Implementation of SAK

b. Dependent Variable: Financial Statement Quality

Source: Researchers’ analysis

The coefficient of determination (R^2) of 0.389 indicates that 38.9% of the variation in the quality of financial statements can be explained by the application of SAK, while the remaining 61.1% is explained by other factors outside the model. This confirms that although the application of SAK has a significant effect, there is still ample room to explore other variables that also affect the quality of financial statements, such as corporate governance, internal audit systems, and the quality of human resources in accounting.

4. Discussion

The interpretation of the results shows that the application of Financial Accounting Standards (FAS) is significantly positively related to the quality of financial statements of companies in West Java. With a regression coefficient of 0.529 ($p = 0.000$) and an R^2 value of 0.530, it is evident that an increase in the application of SAK by 1 unit correlates with an increase in report quality by approximately 0.53 units. This figure confirms that more than 50% of the variation in reporting quality can be explained by the extent to which SAK is applied, with the relationship being positive

and strong. The results of this study are in line with the findings of Maulana & Mahmuda (2015), who also found that consistent application of accounting principles increases the relevance and reliability of financial statements in manufacturing companies in Central Java. Meanwhile, a study by Farman (2024) stated that the quality of financial statements in the Indonesian banking sector improved significantly after the adoption of the latest PSAK. These two studies strengthen the theoretical basis of accounting which states that compliance with accounting standards brings about an increase in information quality through uniformity and openness of reporting.

In the context of West Java, a number of local factors influence the effectiveness of SAK implementation. The main factor that plays a role is the readiness and competence of human resources in accounting. Although many companies operate formally, there is still a gap in terms of trained human resources, especially among MSMEs, which has an impact on the suboptimal application of accounting standards. In addition, the level of company compliance is influenced by the support of local regulators; regions that actively provide accounting training and assistance show higher implementation effectiveness. Access to training, such as the latest PSAK workshop, also plays a big role in bridging the gap between regulation and practice in the field.

The practical implication of this finding is that companies, especially MSMEs, need to improve their internal capacity in applying SAK, through training, internal audits, or collaboration with accounting consultants. For regulators and local governments, these results encourage the importance of expanding educational programs and accounting certification schemes for small businesses. As for the academic world, this study opens up opportunities for future research to examine additional variables, such as organizational culture or the level of digitalization, which may affect the quality of financial statements in more depth.

5. Conclusion, Limitations, and Suggestions

Conclusion

This study concludes that the application of Financial Accounting Standards (FAS) has a significant effect on the quality of financial statements of companies in West Java. The regression test results show a strong positive relationship, where the higher the level of application of SAK, the better the quality of the resulting financial statements, especially in the aspects of relevance, reliability, comparability, and understandability. This confirms the importance of SAK as a fundamental guideline in maintaining transparency and accountability of corporate financial information.

Limitations and suggestions

However, this study has several limitations. First, the geographical coverage is limited to the West Java region, so the results cannot be generalized to other regions in Indonesia. Second, the quantitative approach used through questionnaires may contain perception bias from respondents. Third, this study only focuses on two main variables (application of SAK and quality of financial statements) without considering other variables that may be influential, such as corporate governance, organizational culture, or the use of accounting technology. Based on these results and limitations, it is recommended that companies, especially MSMEs and medium-scale companies, improve their understanding and implementation of SAK through regular training and cooperation with financial consultants. Regulators and professional associations are also expected to expand accounting literacy programs and provide technical assistance, especially in resource-constrained areas. For future researchers, it is recommended to expand the research area, use a mixed methods approach, and consider additional variables that can provide a more comprehensive picture of the determinants of financial statement quality.

This study was limited to a sample of respondents in West Java and focused solely on SAK as a single influencing factor. Future research could expand the geographic scope, incorporate other relevant variables such as organizational culture or the use of accounting technology, and apply qualitative or mixed methods for deeper insights. Theoretically, this study contributes to the academic literature by reinforcing the relationship between compliance with financial reporting standards and the transparency of financial statements, particularly in the context of developing economies.

6. Acknowledgment

The authors would like to express their deepest gratitude to all those who have provided support and contributions in the preparation of this research. Special thanks go to the company respondents in the West Java region who have taken the time to fill out the questionnaire honestly and responsibly. The author also appreciates the guidance from the supervisor and input from colleagues who were very helpful in the process of analyzing and preparing this research report. Without the help and cooperation of various parties, this research would not have been completed properly.

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