# ANALYSIS OF FACTORS DRIVING SMALL AND MEDIUM ENTERPRISES (SMES) TO PREPARE FINANCIAL STATEMENTS: AN EMPIRICAL STUDY FROM INDONESIA


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Micro, Small, and Medium Enterprises (SMEs) play a critical role in the Indonesian economy. However, many still face challenges in adopting formal financial governance, particularly in preparing financial statements. This study aims to analyze the factors driving SMEs to prepare financial statements following the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP). The theoretical framework used is the Theory of Reasoned Action (TRA), focusing on two independent variables: Attitude and Subjective Norm. This research employs a quantitative approach with a survey method. Primary data was collected through questionnaires distributed to 110 SME owners/managers in the Cirebon region. Data analysis was performed using simple linear regression. The results prove that both Attitude and Subjective Norm have a positive and significant partial influence on the intention of SMEs to prepare financial statements. The business owner's Attitude was found to be the most dominant driving factor. These findings imply that encouraging the adoption of SAK ETAP requires a dual effort: (1) enhancing SMEs' understanding and positive perception of the benefits of financial statements through training, and (2) strengthening external pressure from financial institutions and government regulations.


**Keywords**: SMEs, Financial Statements, SAK ETAP, Theory of Reasoned Action, Attitude, Subjective Norm.