

## The Effect of Financial Statement Audits, Internal Control, Tax Compliance, and Operational Efficiency on the Growth of MSMEs in Medan Belawan District

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### ABSTRACT

The growth of Micro, Small and Medium Enterprises (MSMEs) plays an important role in the economy, but still faces various challenges related to financial management and compliance with regulations. This study aims to analyze the effect of financial statement audits, internal controls, tax compliance, and operational efficiency on the growth of MSMEs. The method used is quantitative with a survey approach through questionnaires to MSME owners and managers. Data analysis was carried out using multiple linear regression to determine the relationship between the independent variables and MSME growth as the dependent variable. The results showed that tax compliance and operational efficiency have a positive and significant effect on the growth of MSMEs, because both increase credibility and facilitate access to financing. Internal controls and financial statement audits have a negative effect, as overly strict implementation can hinder operational flexibility. The findings underscore the importance of transparent financial practices, balanced internal control systems and tax compliance so that financial management and regulatory compliance do not become obstacles, but rather the foundation for long-term growth

## **INTRODUCTION**

MSMEs have a significant role in a country's economy, as they contribute positively to improving people's welfare. The presence of MSMEs plays a key role in a country's economic growth and has the potential to support a more equitable distribution of income among the community (Suwarni, et al, 2019). Medan Belawan, one of the sub-districts of Medan city, has a significant growth rate of MSMEs. Often, MSMEs serve as the center of the local economy and contribute greatly to overall economic growth and job creation. The challenges faced by MSME businesses in Medan Belawan often face various problems when running their operations, such as financial management, internal control, and tax compliance. In addition, in a competitive business environment, MSMEs must ensure their financial statements are of high quality.

According to the Financial Accounting Standards (SAK), financial statements are essentially the result of accounting procedures that serve as a conduit of information between parties with an interest in the financial or operational data of a company and these parties. For MSMEs, internal audits are becoming increasingly important as they assist in problem identification, abuse prevention, efficiency improvement, and regulatory compliance. Employees or company owners with accounting and finance expertise conduct internal audits. Internal audits, for example, can significantly improve the operations of MSMEs, as shown in a case study at Moko Donuts in Pare Paresity, helping to overcome challenges and improve performance (Sriwahyuningsi M, 2023). Audits for MSMEs are often different from those for larger companies, as they are simpler and focus on key aspects such as cash management, inventory, and fixed assets. Even when MSMEs have limited resources, auditors must ensure proper internal controls to protect assets and prevent fraud. This phenomenon shows that by using internal audit, MSMEs can make their operations more structured and better prepared for the various risks and challenges that exist. (Wibowono, 2018).

Tax compliance refers to taxpayers who are willing to fulfill tax obligations as applicable, without the need to conduct audits, thorough investigations, warnings or threats, apply legal and administrative sanctions (Marchori, 2018). MSME owners are required to register taxes and pay their taxes on time. By paying taxes on time, there are many benefits to be gained such as easier access to bank or financial institution credit financing because it is considered transparent and reliable. The government also often provides assistance to tax-compliant MSMEs such as training and certain tax breaks (Lucy Sri Musmini et al, 2023).

Effectiveness and Efficiency also need to be considered. Therefore, clearly plan the objectives achieved or specific goals (Indrihastuti & Amaniyah, 2020). By improving operational efficiency, MSMEs can save costs, increase productivity, and ultimately, achieve higher growth. MSMEs in Medan Belawan need to improve their operational efficiency. The performance of a company is directly related to the efficiency of management in using working capital. The better the utilization of working capital, the more successful management is in managing company resources.

For example, research by Ade Suherman (2018) The quality of financial reporting at the Banjar City Regional General Hospital is positively and significantly influenced by internal audit, this can be seen in his journal article "The Effect of Internal Audit on the Quality of Financial Statements at the Banjar City Regional General Hospital". The purpose of this study was to develop previous findings and test how internal audit affects the quality of financial statements. These findings indicate that improving internal audit performance will contribute to optimizing the quality of financial statements.

According to the results of previous research, researchers are interested in examining the growth of MSMEs by adding variables of tax compliance, operational efficiency, growth of MSMEs in Kecamatan. Medan Belawan. This study aims to evaluate the extent to which MSMEs can utilize financial reports effectively, identify the impact of internal control, comply with tax compliance, and analyze operational efficiency on the growth of MSMEs in Medan Belawan sub-district.

## **LITERATURE REVIEW**

### **The Effect of Financial Statement Audits on MSME Growth**

An audit is an assessment process of an entity that aims to provide an independent opinion from a third party regarding financial statements. This process ensures that the report is correct, complete and fair and in accordance with applicable accounting principles and regulations. (Rahma, 2022). Quality financial reporting has a significant impact on MSME actors who obtain capital loans from the banking sector. This financial report also serves as an indicator of the health of a company. In other words, financial reports can be one of the benchmarks for the success of MSME businesses (Yunita, 2021). So it can be concluded that financial statement audits play an important role in the growth of MSMEs. This is because financial reports help MSMEs manage their finances, understand their financial position and make better decisions.

### **The Effect of Internal Control on MSME Growth**

According to Jason Scott (in Aldi, 2022), the purpose of internal control procedures is to provide a reasonable level of assurance that control objectives can be met. The sustainability of micro businesses is strongly influenced by the implementation of internal control systems, small and medium enterprises. Internal control plays an increasing role in avoiding and detecting fraud, the more successful its implementation, the greater the chances of success for MSMEs (Ferdi, 2022). Consequently, it can be said that the internal control framework is a process that offers security guarantees for the various elements involved in MSMEs.

In this context, the internal control system serves as a tool for evaluating and monitoring operations to keep them running as intended. Therefore, MSMEs are required to build effective control mechanisms to maintain the integrity and efficiency of business activities.

### **The Effect of Tax Compliance on MSME Growth**

According to Luzuriaga and Scartascini (2019), when a taxpayer has performed all tax obligations and exercised their rights, this is known as tax compliance. Tax compliance has a significant impact on the development of MSMEs, not only affecting the financial stability of the company, but also having implications for state revenues. The more MSMEs comply with tax regulations, the more their trust will be tested (Evin, Sriyani, 2022). So it can be concluded that tax compliance can increase credibility and wider business opportunities so as to make MSMEs develop.

Furthermore, consistent compliance with tax regulations creates a positive image in the eyes of investors and business partners. This also encourages the creation of a healthy and sustainable business climate for MSME actors in the midst of increasingly competitive market competition.

### **The Effect of Operational Efficiency on MSME Growth**

Operational efficiency is the ability of business owners to achieve the desired results by minimizing costs in order to achieve maximum profit (Rofiah, 2019). Inaccuracies in the calculation of operating costs can result in a decrease in revenue which can cause losses. Therefore, it is important to calculate efficient operational costs so that the company can achieve the expected profits, because basically the company aims to achieve certain profitability (Bachri Darmo, 2021). Thus it can be concluded that MSMEs that implement efficient operations are able to reduce costs and increase productivity, so that the level of profitability can increase. This efficiency also plays a role in maintaining business continuity amid the limited resources owned by MSMEs. In addition, the consistent application of operational efficiency can be a competitive advantage that encourages competitiveness in the market.

### **Research Hypothesis**

H<sub>1</sub>: Financial Statement Audit affects the growth of MSMEs

H<sub>2</sub>: Internal Control affects the growth of MSMEs

H<sub>3</sub>: Tax Compliance affects the growth of MSMEs

H<sub>4</sub>: Operational Efficiency affects the growth of MSMEs

H<sub>5</sub>: Financial Statement Audit, Internal Control, Tax Compliance, and Operational Efficiency collectively affect the growth of MSMEs

### **METHODOLOGY**

In this study, a quantitative method was applied. This method is used to test theories, draw conclusions, and understand the interaction between the variables studied. Quantitative research requires data collection in the form of numbers and the use of certain analytical techniques (Primadi Candra, 2024). The Statistical Package for the Social Sciences (SPSS) application was used for data processing in the following study.

In data processing using the SPSS application, this research utilizes a series of analyses, such as regression tests, validity and reliability tests, as well as classical assumption tests and hypothesis testing. The entire series of tests is used to ensure that the measuring instruments in this study have a high level of reliability and are able to produce valid data and are relevant to the research

objectives. Thus, the results obtained can be scientifically accounted for and become a strong basis for drawing conclusions and providing recommendations.

### Types and Sources of Data

In this study, the type of data used is primary data, namely data collected directly from respondents through distributing questionnaires. The questionnaire is structured in the form of structured questions using a Likert scale, which allows respondents to provide an assessment based on the level of agreement with the statements presented. This method was chosen because it is able to describe the attitudes, perceptions, and views of respondents in a more measurable and systematic manner. The use of a Likert scale also facilitates the process of quantifying data so that it is suitable for statistical analysis. Thus, the data obtained through this questionnaire is considered relevant and supports the overall research objectives (Sugiyono, 2020).

### Population and Sample

Sugiyono (2018: 117) explains that the population in research is a set of units, both individuals and objects, which have certain characteristics chosen by the researcher as a basis for drawing conclusions from the research results. In this context, MSMEs in Medan Belawan Sub-district are designated as the research population because they are considered relevant to the study objectives.

Meanwhile, according to AGJ Nasution (2020), a sample is part of the population taken to represent the entire population. In this study, researchers determined as many as 70 MSMEs in Medan Belawan Sub-district as samples. Because the number of samples taken is the same as the total population, the method used is *saturated sampling*.

Saturated sampling is one type of *non-probability sampling* method, where all members of the population are sampled without going through a random selection process. This method is generally used if the population size is relatively small and the researcher wants to obtain comprehensive data from all existing population members. Thus, the research results can reflect the condition of the population as a whole and accurately.

Table 1. Population and Sample Data Sources

No	Keterangan	Jumlah
1	Kelurahan Sicanang	10
2	Kelurahan Bahari	15
3	Kelurahan Belawan 1	10
4	Kelurahan Belawan 2	10
5	Kelurahan Bagan	15
6	Kelurahan Bahagia	10
	<b>Total</b>	<b>70</b>

**Variable Operational Definition**

Table 2. Identification of Research Variables

Variable	Definition	Indicator	Scale
Financial Statement Audit (X <sub>1</sub> )	An audit is a process of assessing or evaluating an entity with the aim of providing an independent third-party opinion on the accuracy, completeness, and fairness of financial statements. This process aims to confirm that the report was prepared in accordance with relevant accounting regulations and guidelines, (Rahma, 2022).	<ol style="list-style-type: none"> <li>1. Auditor competence</li> <li>2. Accuracy in the report</li> <li>3. compliance with SOPs</li> <li>4. Conformity with generally accepted standards</li> <li>5. Honesty and transparency (Arum Ardianingsih, 2021)</li> </ol>	Likert Scale
Internal Control (X <sub>2</sub> )	The internal control process is intended to provide a fair level of assurance that control objectives can be met. The sustainability of MSMEs is strongly influenced by the internal control system. Scott, Jason (in Aldi, 2022).	<ol style="list-style-type: none"> <li>1. Control related to accounts receivable</li> <li>2. Payment of salary</li> <li>3. Accounts payable</li> <li>4. Sales Assets (R.A Supriyono, 2018)</li> </ol>	Likert Scale
Tax Compliance (X <sub>3</sub> )	Tax compliance is a situation where taxpayers exercise their rights under tax regulations and fulfill all their tax responsibilities, Luzuriaga and Scartascini (2019).	<ol style="list-style-type: none"> <li>1. Taxpayer compliance</li> <li>2. Having a Tax ID Number</li> <li>3. Compliance with registering yourself</li> <li>4. Calculate the amount of tax</li> </ol> Reporting tax reporting	Likert Scale
Operational Efficiency (X <sub>4</sub> )	Operational efficiency refers to the ability of a company to achieve desired results at the lowest possible cost, in order to achieve maximum profit, (Rofiah, 2019).	<ol style="list-style-type: none"> <li>1. Quality</li> <li>2. Product quantity/amount</li> <li>3. Delivery time</li> <li>4. Work time</li> <li>5. Safety (Junaidi, 2018)</li> </ol>	Likert Scale
Growth of MSMEs (Y)	MSMEs are independent businesses that generate profits and can be run by either individuals or business entities. A business is categorized as an MSME if it is not affiliated with other companies. In other words, MSMEs must be independent and not be a subsidiary or part of another business entity, (Mahmud et al, 2021).	<ol style="list-style-type: none"> <li>1. Sales development</li> <li>2. Customer development</li> <li>3. Profit development</li> <li>4. Business development</li> </ol>	Likert Scale

## **Data Analysis Technique Validity and Reliability Test**

Validity is a test that evaluates how accurately an instrument performs its measurement task (Yolanda & Laia, 2023). Reliability test is a test that evaluates the dependability of a question, or its capacity to produce consistent findings (Wisnu Budi Wijaya & Sri Darmayanti, 2019).

## **Classical Assumption Test**

### **Normality Test**

The purpose of the normality test is to determine whether the regression model on residual or additional variables has a normal distribution (Ghozali, 2018). Residuals can be considered normally distributed if the value is greater than (0.5).

### **Multicollinearity Test**

(Ghozali, 2018) The purpose of multicollinearity testing in this study is to ensure that there is no perfect or almost perfect linear relationship between the independent variables, and to determine whether there is significant collinearity or correlation between the independent variables in the regression model.

### **Heteroscedasticity Test**

According to Zahriyah et al. (2021) in his book entitled "ECONOMETRICS Techniques and Applications with SPSS," the heteroscedasticity test is a measuring tool used to determine whether there is a violation of the classic assumption of heteroscedasticity, and to determine whether the variance of the remaining observations of each regression model varies.

## **Research Model**

This study uses multiple linear regression analysis to assess how various variables affect the data. By using two or more independent variables (Y) ( $X_1, X_2, \dots, X_n$ ), multiple linear regression can be used to predict the value of the dependent variable (Masruroh & Mauladi, 2020). To measure this analysis, the following formula can be used:

Description:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Y = MSME Growth

a = Constant

b = Regression Coefficient

$X_1$  = Financial Statement Audit

$X_2$  = Internal Control

$X_3$  = Tax Compliance

$X_4$  = Operational Efficiency

e = Error

## **Partial Hypothesis Testing (T Test)**

The t test is used to evaluate the effect of each independent variable on the dependent variable individually. The partial effect of each independent variable on the dependent variable is the purpose of this test. To meet the requirements, the significance value (sig) must be less than 0.05 or the calculated t value must be greater than the t table (Dudung, 2024).

### Simultaneous Hypothesis Testing (F Test)

The F test measures the combined impact of all independent factors on the dependent variable; if the resulting F significance value is less than the 0.05 limit, it is considered that there is a significant effect together (Ghozali, 2018).

## RESULTS

### Descriptive Statistics

Table 3. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Audit Lap Keuangan	70	10	50	19.39	8.924
Pengendalian Internal	70	10	48	20.33	8.975
Kepatuhan Pajak	70	10	50	20.64	9.533
Efisiensi Operasional	70	10	50	19.94	9.765
Pertumbuhan umkm	70	10	50	19.13	9.184
Valid N (listwise)	70				

From the data above, it can be explained if:

1. The Financial Statement Audit variable has a minimum value of 10, a maximum of 50 and an average of 19.39 with a standard deviation value of 8.924.
2. The Internal Control variable has a minimum value of 10, a maximum of 48 and an average of 20.33 with a standard deviation value of 8.975.
3. The Tax Compliance variable has a minimum value of 10, a maximum of 50 and an average of 20.64 with a standard deviation value of 9.533.
4. The Operational Efficiency variable has a minimum value of 10, a maximum of 50 and an average of 19.94 with a standard deviation value of 9.765.
5. The MSME growth variable has a minimum value of 10, a maximum of 50 and an average of 19.13 with a standard deviation value of 9.184.

### Instrument Test

#### Validity Test

The variables of Financial Statement Audit (X1), Internal Control (X2), Tax Compliance (X3), Operational Efficiency (X4), and MSME Growth (Y) were all tested for validity using SPSS. Data is considered valid if the processing results of each variable show that the significance value is less than 0.05 and the calculated r value is higher than the r table. Conversely, if the significance value is greater than 0.05 and r count is smaller than r table, the data is considered invalid.

Table 4. Financial Statement Audit Validity Test Results (X1)

No	Nilai Sig.	R Hitung	R Tabel	Keterangan
1	0,000	0,881	0,235	Valid
2	0,000	0,893	0,235	Valid
3	0,000	0,914	0,235	Valid
4	0,000	0,909	0,235	Valid
5	0,000	0,865	0,235	Valid
6	0,000	0,902	0,235	Valid
7	0,000	0,895	0,235	Valid
8	0,000	0,895	0,235	Valid
9	0,000	0,862	0,235	Valid
10	0,000	0,837	0,235	Valid

Table 5. Internal Control Validity Test Results (X2)

No	Nilai Sig.	R Hitung	R Tabel	Keterangan
1	0,000	0,281	0,235	Valid
2	0,000	0,888	0,235	Valid
3	0,000	0,847	0,235	Valid
4	0,000	0,919	0,235	Valid
5	0,000	0,932	0,235	Valid
6	0,000	0,910	0,235	Valid
7	0,000	0,938	0,235	Valid
8	0,000	0,915	0,235	Valid
9	0,000	0,923	0,235	Valid
10	0,000	0,876	0,235	Valid

Table 6. Tax Compliance Validity Test Results (X3)

No	Nilai Sig.	R Hitung	R Tabel	Keterangan
1	0,000	0,911	0,235	Valid
2	0,000	0,834	0,235	Valid
3	0,000	0,742	0,235	Valid
4	0,000	0,855	0,235	Valid
5	0,000	0,926	0,235	Valid
6	0,000	0,922	0,235	Valid
7	0,000	0,927	0,235	Valid
8	0,000	0,921	0,235	Valid
9	0,000	0,932	0,235	Valid
10	0,000	0,844	0,235	Valid

Table 7. Operational Efficiency Validity Test Results (X4)

No	Nilai Sig.	R Hitung	R Tabel	Keterangan
1	0,000	0,911	0,235	Valid
2	0,000	0,924	0,235	Valid
3	0,000	0,884	0,235	Valid
4	0,000	0,954	0,235	Valid
5	0,000	0,899	0,235	Valid
6	0,000	0,921	0,235	Valid
7	0,000	0,940	0,235	Valid
8	0,000	0,899	0,235	Valid
9	0,000	0,894	0,235	Valid
10	0,000	0,907	0,235	Valid

Table 8. Results of the Validity Test for MSME Growth (Y)

No	Nilai Sig.	R Hitung	R Tabel	Keterangan
1	0,000	0,911	0,235	Valid
2	0,000	0,924	0,235	Valid
3	0,000	0,884	0,235	Valid
4	0,000	0,954	0,235	Valid
5	0,000	0,899	0,235	Valid
6	0,000	0,921	0,235	Valid
7	0,000	0,940	0,235	Valid
8	0,000	0,899	0,235	Valid
9	0,000	0,894	0,235	Valid
10	0,000	0,907	0,235	Valid

The r table value obtained with 70 respondents is 0.235. By conducting validity tests on all independent variables and the dependent variable, it can be seen that all variables  $r_{count} > r_{table}$  and sig value  $< 0.05$ , so it can be said that all indicators are considered acceptable.

### Reliability Test

After the validity of the instrument is met, the next step is to test its reliability. Reliability measures the level of confidence in the research instrument. A reliable questionnaire will produce consistent answers from respondents, even if given at different times. In testing reliability, the Cronbach's Alpha method can be applied, provided that the Cronbach's Alpha value must be above 0.6 to declare the instrument reliable.

Table 9. Reliability Test Results

Variabel	Cronbach's Alpha	N Of Items	Keterangan
Audit Laporan Keuangan	0.969	10	Reliabel
Pengendalian Internal	0,955	10	Reliabel
Kepatuhan Pajak	0,969	10	Reliabel
Efisiensi Operasional	0,978	10	Reliabel
Pertumbuhan UMKM	0,968	10	Reliabel

### Classical Assumption Test

#### Normality Test

If the residual value is normal, the regression model is good. Using the One Sample Kolmogorov-Smirnov test tool, a normality test with a probability value  $> 0.05$  can be used to determine whether the values are regularly distributed.

Table 10. Normality Test

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		70
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	5.15347816
	Absolute	.172
Most Extreme Differences	Positive	.091
	Negative	-.172
Kolmogorov-Smirnov Z		1.436
Asymp. Sig. (2-tailed)		.032

a. Test distribution is Normal.  
 b. Calculated from data.

A significance value (Asym.Sig2-tailed) of  $0.032 < 0.05$  is obtained from the given table. This indicates an abnormal distribution of residuals. If data transformation is carried out, this non-normally distributed data can become normal by converting the data into Natural Log (LN) form. Because the data is not normally distributed, the researcher decides to transform the data. The following are the results of the data test after being transformed :

Table 11. Transformation Normality Test

**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		70
Normal Parameters <sup>a,b</sup>	Mean	0E-7
	Std. Deviation	.24529549
	Absolute	.136
Most Extreme Differences	Positive	.085
	Negative	-.136
Kolmogorov-Smirnov Z		1.139
Asymp. Sig. (2-tailed)		.149

a. Test distribution is Normal.  
 b. Calculated from data.

The significance value (Asym.Sig2-tailed) is 0.149, which is higher than 0.05, obtained from the given table. This shows that after data transformation, the residues are normally distributed.

**Multicollinearity Test**

Multicollinearity tested in regression analysis, aims to identify unanticipated correlations between independent variables. According to the regression analysis, there is no significant relationship among the predictor variables of variation inflation factor (VIF) and tolerance values. Multicollinearity is considered not problematic if the VIF value is less than 10 and the tolerance value is greater than 0.10.

Table 12. Multicolonierity Test

Collinearity Statistics		
Variabel	Angka Toleransi	VIF
Pengetahuan Pasar Modal	0,204	4,910
Motivasi	0,113	8,861
Return Investasi	0,146	6,843
Resiko	0,114	8,758

The Multicolonierity test results above show all VIF values < 10.0 and all Tolarance values > 0.10 so it can be concluded that there is no Multicollinearity.

**Heteroscedaticity Test**

In a good regression model usually does not experience heteroscedaticity. This heteroscedaticity test uses the sccaterplot graph. If on the sccaterplot graph pattern Heteroscedasticity appears when there is a pattern formed by the dots. Heteroscedasticity does not occur if the distribution of points at point zero, both above and below the Y axis, appears random. The relevant scatterplot graph is shown below.

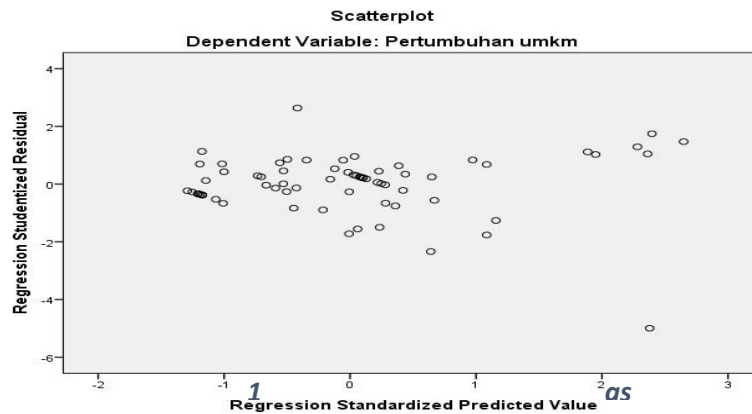


Figure 1. Heteroscedaticity Test Scatterplot

Based on the visualization in the figure above, there is no systematic pattern and the points on the Y-axis are randomly scattered on both sides of zero. This indicates that there is no heteroscedasticity.

**Multiple Linear Regression Analysis**

Multiple linear regression analysis was used to determine the relationship between the dependent variable and the independent variable.

Table 13. Multiple Linear Regression  
 Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.291	.426		10.070	.000
Audit lap keuangan	-.354	.035	-.423	-10.017	.000
Pengendalian internal	.052	.055	.059	.947	.347
Kepatuhan pajak	.239	.050	.289	4.778	.000
Efisiensi operasional	.787	.058	.974	13.606	.000

a. Dependent Variabel: Pertumbuhan umkm

From the multiple linear regression results above, it can be concluded that:

- The coefficient value of the Financial Statement Audit of -0.354 means that every 1% increase in the Financial Statement Audit will affect MSME Growth by -0.354, because it is negative, the financial statement audit and MSME Growth will contradict each other, so that if the value of MSME Growth increases, the value of the financial statement audit will decrease, and vice versa.
- The coefficient value of Internal Control of 0.052 means that every 1% increase in Internal Control will affect MSME Growth by 0.052. Because it is positive, Internal Control and MSME Growth will be interconnected, so that if the value of MSME Growth increases, the value of Internal Control also increases and if the value of Internal Control decreases, the value of MSME Growth will also decrease.
- The coefficient value of Tax Compliance is 0.239. This means that every 1% increase in Tax Compliance will affect MSME Growth by 0.239. The coefficient is positive, which means that Tax Compliance and MSME Growth are interconnected. If the value of tax compliance increases, the value of MSME growth also increases and if the value of tax compliance decreases, the value of MSME growth also decreases.
- The coefficient value of Operational Efficiency is 0.787. This means that every 1% increase in Operational Efficiency will affect MSME Growth by 0.787. The coefficient is positive, which means that Operational Efficiency and MSME Growth are interconnected. If the value of Operational Efficiency increases, the value of MSME Growth also increases and if the value of Operational Efficiency decreases, the value of MSME Growth also decreases.

### Simultaneous Hypothesis Test (F Test)

Table 14. F Test

**Hasil Uji F**

<b>F</b>	<b>Sig.</b>
35.358	.000 <sup>b</sup>

Determine f table:

$$F \text{ table} = (k; n-k)$$

$$= (4 ; 70 - 4)$$

$$= (4 ; 66) = 2,51$$

Where k: number of independent variables and n: number of respondents.

With a significance level of 0.000 which is smaller than 0.05, the F value calculated based on the table above reaches 35.358 which exceeds the F table value of 2.51. This indicates that the effect can be considered significant. Internal development, tax compliance, efficiency in operations, and financial statement audits all play a role in the growth of MSMEs.

### Partial Hypothesis Test (T Test)

The t test is used to measure the effect of each independent variable on the dependent variable. If the significance value (Sig) is less than 0.05, then the effect is considered significant. Conversely, if the calculated t value is smaller than the t table or the Sig value is greater than 0.05, then variable X is considered not to have a significant effect on variable Y.

The following are the results of the t test in this study:

Table 15. T Test

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	4.291	.426		10.070	.000
Audit lap keuangan	-.354	.035	-.423	-10.017	.000
Pengendalian internal	.052	.055	.059	.947	.347
Kepatuhan pajak	.239	.050	.289	4.778	.000
Efisiensi operasional	.787	.058	.974	13.606	.000

a. Dependent Variabel: Pertumbuhan umkm

Determine t table:

$$T \text{ table} = (a/2; df \text{ residual}) = 0.05/2; 65 \\ = 1,997$$

- Based on the following table, variable X1 has a sig value of 0.000 < 0.05 and t count > t table (-10.117 > 1.997). This shows that the sig value is smaller than 0.05 and the t value > t table. So, it can be concluded that variable X1 has an effect on variable Y.
- Based on the following table, variable X2 has a sig value of 0.347 > 0.05 and t count < t table (0.947 < 1.997). This shows that the sig value is greater than 0.05 and the t value < t table. So, it can be concluded that variable X2 has no effect on variable Y.
- Based on the following table, variable X3 has a sig value of 0.000 < 0.05 and t count > t table (4.778 > 1.997). This shows that the sig value is smaller than 0.05 and the t value > t table. So, it can be concluded that variable X3 has an effect on variable Y.
- Based on the following table, variable X4 has a sig value of 0.000 < 0.05 and t count > t table (13.606 > 1.997). This shows that the sig value is smaller than 0.05 and the t value > t table. So, it can be concluded that variable X3 has an effect on variable Y.

## DISCUSSION

### **The Effect of Financial Statement Audits on MSME Growth**

The discussion of the effect of Financial Statement Audit on MSME Growth is to answer the first hypothesis and formulation that Financial Statement Audit on MSME Growth has an influence. Based on the results of the hypothesis test, the Financial Statement Audit has a significant value of 0.000, where the value is smaller than the provision of 0.05 so that  $H_0$  is accepted and  $H_a$  is rejected. From the explanation above, it can be concluded that the Financial Statement Audit (X1) on MSME Growth has a significant effect. MSMEs often face limitations in terms of finance, labor and time. The implementation of financial statement audits can be an additional burden for MSME actors because the budget used will definitely be larger, but the Financial Statement Audit plays a role in ensuring that MSMEs prepare their financial statements in accordance with applicable accounting standards. Increased financial transparency allows business owners to make more informed decisions in managing the business and designing growth strategies. This research is in line with research (Darmawan, 2020) which states that MSMEs that indicate businesses whose financial statements have been audited tend to find it easier to get funding and experience faster growth than MSMEs that are not audited.

### **The Effect of Internal Control on MSME Growth**

The discussion of the effect of Internal Control on MSME Growth is to answer the first hypothesis and formulation that Internal Control on MSME Growth has an influence.  $H_0$  is accepted and  $H_a$  is rejected based on the findings of partial hypothesis testing which shows that Internal Control has a significant value of 0.176 higher than the threshold of 0.05. From the explanation above, it is clear that Internal Control (X2) on MSME Growth has no significant effect.

Factors such as limited resources, the need for operations and trust in personal relationships will be more dominant in influencing MSME decisions regarding the implementation of internal control. The results of this study are similar to the results of research tested by (Rini Widianingsih, 2019) which states that internal control has no effect on the development of MSMEs. Although internal control is important to maintain business sustainability, its unbalanced application can also hinder the flexibility, creativity, and efficiency of MSMEs so that it can hinder growth.

#### **The Effect of Tax Compliance on MSME Growth**

The discussion of the effect of Tax Compliance on MSME Growth is to answer the first hypothesis and formulation that Tax Compliance on MSME Growth has an influence. Tax compliance has a significant value of 0.005, less than the predetermined limit of 0.05, based on the partial hypothesis test results. As a result, the alternative hypothesis ( $H_a$ ) is accepted and the null hypothesis ( $H_o$ ) is rejected. Therefore, it can be said that the growth of MSMEs is significantly influenced by Internal Control (X3). This finding is similar to previous research which shows that tax compliance contributes to the growth of MSMEs. Tax compliance plays an important role in encouraging the development of MSMEs in Indonesia. MSMEs that comply with tax obligations can ensure that their business operations are in accordance with applicable regulations, and good financial management will help MSME owners monitor financial performance and make more informed decisions. By fulfilling tax obligations, MSMEs not only avoid legal sanctions but can also increase credibility and open wider market opportunities. This study strengthens research (Fitriani Mansur, 2023) which in its research also found that tax compliance affects the growth of MSMEs in Jambi city.

#### **The Effect of Operational Efficiency on MSME Growth**

The discussion of the effect of Operational Efficiency on MSME Growth is to answer the first hypothesis and formulation that Operational Efficiency on MSME Growth has an influence. The partial hypothesis test shows significance with a measured tax compliance value of 0.000, which is below the significance threshold of 0.05, the null hypothesis is rejected and the alternative hypothesis is accepted. This indicates that operational efficiency (X4) plays an important role in influencing MSME growth. This conclusion is supported by previous studies which also found that operational efficiency contributes to the growth of MSMEs by minimizing costs and improving product quality to increase profits. Research by (Nimas Ayunda, et al, 2025) supports these findings, showing that operational efficiency significantly affects the growth of Dewi Bakery MSMEs.

## **CONCLUSIONS AND RECOMMENDATIONS**

### **Conclusions**

Research analysis on the effect of financial statement audits, internal control, tax compliance and operational efficiency on the growth of MSMEs shows:

1. Financial Statement Audit has a significant impact on the growth of MSMEs.
2. Internal Control does not have a significant impact on the growth of MSMEs.
3. Tax compliance has a significant impact on the growth of MSMEs.
4. Operational Efficiency has a significant impact on the growth of MSMEs.
5. The results of simultaneous testing reveal that Internal Control does not show a significant effect on MSME Growth. In contrast, Financial Statement Audits, Tax Compliance and Operational Efficiency make a positive and significant contribution to the development of MSMEs.

### **Reccomendations**

#### **For Researchers**

Expand the scope of research by adding or replacing variables with other variables such as the understanding of MSME actors on the growth of MSMEs in Medan Belawan District to determine the impact that occurs and use more respondents.

#### **For MSME Actors**

MSME actors need to increase awareness of the importance of operational audits in improving the quality of financial statements. Effective implementation of operational audits can help identify inefficiencies and improve competitiveness. Therefore, it is recommended for MSME actors to strengthen internal control systems, take financial management training and utilize technology to improve operational efficiency. Utilize accounting software and other technological tools to streamline financial management processes. This can help in maintaining accurate records and improving compliance with financial regulations. Utilize Technology and Digital Marketing, use social media (Instagram, Facebook, TikTok) for promotion. Optimize marketplaces such as Shopee, Tokopedia, or Bukalapak. Create engaging content such as quality product photos and short videos.

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