

MSME'S PERCEPTION TO ACCOUNTING CONCEPTUAL: CASE STUDY IN BATAM

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ABSTRACT

To fulfill the needs of Micro, Small, and Medium Enterprises (MSMEs) is important major. The SAK EMKM 2018 is made simpler than the previous issued SAK ETAP. The SAK EMKM was issued to encourage and provide the facilities for MSMEs in preparing the financial statement. The financial statement is one of the requirements for applying credit to the relevant agencies. This study used the quota sampling method with the minimum sample which is calculated by using Slovin formula as many as 115 respondents. The questionnaires uses the semantic differential scale. The result of this research is that 80% of the respondents have never attended the SAK EMKM training and socialization. And only 34,78% of the respondents have done the simple bookkeeping to record their business transactions, even though they have not applied the SAK EMKM. The factors that causes MSME do not do the bookkeeping are the lack of knowledge about the correct accounting based on the right standard and consideration of being wasting time. Overall, the perception of MSMEs towards the understanding about the SAK EMKM is still in the "Don't Understand" category. And mostly respondents as 58.49% expect regular accounting training according to applicable standards (which are simple one) for business owners.

Keywords: MSMEs, Accounting, Financial Statement, Indonesia's Accounting Standard

1. INTRODUCTION

One of the reasons for the development of Micro, Small, & Medium Enterprises (MSMEs) (Indonesian: *Usaha Mikro, Kecil, dan Menengah* (UMKM)) is due to increasingly narrow employment opportunities. Therefore, it encourages many people to try to create businesses rather than looking for work. Considerable government attention can be seen from the provided business capital loan offers for MSMEs. However, for MSMEs that want to apply for a loan, there are many things that must be considered, including whether their type of business is classified as an MSME or not and whether they have complied with the

regulations as stipulated in Indonesia's Law No. 20/2008 concerning Micro, Small, & Medium Enterprises (MSMEs) (JDIH BPK RI, 2008).

The potential for the development of MSMEs is inseparable from the support of banks in terms of the provision of business capital loans. The amount of credit extended to MSMEs has grown from year to year. The growth is generally higher than that of total bank credit. In the fourth quarter of 2018, the credit for the medium business experienced an increase from 5.5% in the previous quarter to 7.51%. However, the credit for micro and small businesses slowed down, which were 12.7% and 10.4% respectively, compared to the previous quarter with 13.6% and 10.8% (Bank, 2019). Based on data from the Supply Money Analysis, total credit for the MSME sector as of August 2019 increased by 13.3% on an annual basis (year-over-year) to 1,035.5 trillion IDR. It is higher than the growth in the previous month, namely 11.6% or 1,018.4 trillion IDR. The acceleration in this MSME credit growth was in line with the increase in medium-scale credit which increased by 13.2% yoy, up from 9% yoy in the preceding month. On the other hand, credit for micro and small businesses actually slowed down, growing 15.4% and 11.8% yoy respectively. They were lower than the previous month, namely 15.9% and 11.9% yoy (Sitorus, 2019). From these data, it can be concluded that credit absorption in micro and small enterprises in Indonesia is still low or even tends to slow down.

In general, the problems of the development of MSMEs are lack of capital, tight business competition, difficulties in marketing, lack of technical production and expertise, difficulty in raw materials, lack of managerial skills, lack of knowledge of financial management, and a less conducive business climate (licensing and rules/regulations). One of the many obstacles faced by MSMEs from the perspectives of MSMEs and the banks is the lack of financial management capabilities and a lack of skilled workforce (Hadiwidjaja & Hartati, 2013). General requirements for applying for a business capital fund loan include Identity Card (Indonesian: *Kartu Tanda Penduduk* (KTP)), Family Card (Indonesian: *Kartu Keluarga* (KK)), Tax Identification Number (Indonesian: *Nomor Pokok Wajib Pajak* (NPWP)) or Annual Tax Return (Indonesian: *Surat Pemberitahuan Tahunan* (SPT)), Bank Statement (Indonesian: *Rekening Koran*) for the last three months, business documents, investment plan documents, salary slips, and financial transaction reports of the business being run. Lack of financial management capabilities and a less skilled workforce related to financial management can cause MSMEs to experience difficulties in fulfilling one of the requirements for applying for capital loans to banks, namely business financial transaction reports.

From the elaboration above, this study attempts to provide an overview of the understanding and mapping of the implementation of the financial transaction statement based on SAK EMKM carried out by MSME actors in Batam. The results of this study are expected to be used by related parties in formulating work programs that are right on target and applicable so that, in the end, it can increase the absorption of the credit for MSMEs in Batam.

2. LITERATURE REVIEWS

Based on JDIH BPK RI (2008), Indonesia's Law No. 20/2008 defines micro, small, and medium enterprises as follows.

a. Micro Enterprises

Micro enterprises are productive businesses possessed by individuals and/or business entities that have a maximum net worth of 50 million IDR and a maximum annual sale of 300 million IDR.

b. Small Enterprises

Small enterprises are stand-alone productive economic businesses carried out by an individual or business entity that is not a subsidiary or branch of a company that is possessed, controlled, or becomes either directly or indirectly a part of medium-scale or large-scale businesses. Furthermore, these enterprises have a maximum net worth of 50 million IDR and a maximum annual sale of 500 million IDR.

c. Medium Enterprises

Medium enterprises are stand-alone productive economic businesses carried out by an individual or business entity that is not a subsidiary or branch of a company that is possessed, controlled, or becomes either directly or indirectly a part of small-scale or large-scale businesses. Furthermore, these enterprises have a maximum net worth of 300 million IDR and a maximum annual sale of 2.5 billion IDR.

These criteria for MSMEs based on Indonesia's Law No. 20/2008 concerning Micro, Small, & Medium Enterprises (MSMEs) also becomes the reference for the classification of MSMEs in the 2018 Financial Accounting Standards for Micro, Small, & Medium Enterprises (Indonesian: *Standar Akuntansi Keuangan Entitas Mikro Kecil Menengah* (SAK EMKM)) (IAI, 2018).

This SAK EMKM is compiled to improve the quality of MSMEs and to meet the financial reporting needs of MSMEs. The SAK EMKM 2018 is constructed as a form of accounting standards which is simpler to be understood and applied by MSMEs, compared to the Financial Accounting Standards for Entities Without Public Accountability (Indonesian: *Standar Akuntansi Keuangan untuk Entitas Tanpa Akuntabilitas Publik* (SAK ETAP)) which was the previous accounting standard used by MSMEs. SAK ETAP cannot be applied by MSMEs because it is too difficult to understand. Therefore, it is reconstructed, simplified, and updated in SAK EMKM. Furthermore, the differences between those two standards are elaborated in the following.

a. Scope

In terms of the scope, SAK ETAP is constructed for entities without public accountability (entities that do not have accountability in the public sector and do not issue financial reports for the public and general purposes for external parties). Meanwhile, SAK EMKM is constructed for micro, small, & medium-sized enterprises that are entities without public accountability. SAK EMKM is allowed to be applied to entities that have not met all criteria to be categorized as an MSME as long as they have received permission from the authorized officials.

b. Financial Statement Measurement

Measurement in SAK ETAP applies the historical cost method and/or the fair value method. Meanwhile, the measurement in SAK EMKM only uses the historical cost method.

c. Pervasive Principles and Concepts

SAK ETAP provides all information regarding financial position and performance for all users. Meanwhile, SAK EMKM specifically provides additional information in which users can also be resource providers, including investors or creditors.

d. Financial Statements

In SAK ETAP, there are 5 types of financial statements: Financial Position Statements, Income Statements, Changes in Equity Statements, Cash Flow Statements, and Notes to Financial Statements. Meanwhile, in SAK EMKM, financial statements only consist of 3 types: Financial Position Statements, Income Statements, and Notes to Financial Statements.

e. Information

SAK ETAP regulates the recording of estimated tax assets and liabilities, tangible assets, and investment property. Meanwhile, SAK EMKM tends to be simpler because it only regulates cash, receivables, inventories, fixed assets, accounts payable, bank debt, and equity.

f. Income Statements

In SAK ETAP, the recording of net income and profit & loss on the investment is presented in a more complex manner. Meanwhile, in SAK EMKM, they are presented in a simpler manner, only covering income, financial expenses, and tax expenses.

g. Inventory

In SAK ETAP, inventory value is measured by finding the lower value between cost and selling price and then deducted with the cost of completion. Meanwhile, SAK EMKM regulates the principle of recognizing inventories that are recorded based on the actual cost of inventory.

The financial statements of an MSME must be consistent. In addition, the presented financial information must be comparative and complete. According to SAK EMKM, the minimum financial statements that must be prepared consist of (1) the Financial Position Statement, (2) the Income Statement, and (3) Notes to the Financial Statement.

a. Financial Position Statements

The provided information covers assets, liabilities, and equity. The followings are the elements of the financial position statement based on ED SAK EMKM.

1) Assets

Assets are resources possessed by the entity as a result of past events and future economic benefits that are expected to be obtained by the entity. Assets are divided into two types: tangible assets and intangible assets.

2) Liabilities

Liabilities are from past events in which its resolution results in an outflow of the entity's resources that contain economic benefits. Liabilities that an entity currently has to act or to perform something in a particular way can be either legal liabilities or constructive liabilities. Constructive liabilities are liabilities that usually involve paying cash, delivering assets other than

cash, rendering services, and/or replacing these liabilities with other liabilities.

3) Equity

Equity is the residual interest in the assets possessed by the entity after deducting all of its liabilities.

b. Income Statements

Income statements provide information about income, financial expenses, and tax expenses in an entity.

c. Notes to Financial Statements

Notes to the financial statement are presented systematically and practically. Each account in the financial statements is cross-referencing to related information in order to obtain correct, accurate, and relevant information. In SAK EMKM, notes to the financial statement must contain as follows.

1) A statement that the financial statement has been compiled based on the ED SAK EMKM

2) A summary of accounting policies

It is additional information and certain account details that explain important and material transactions, making it the users easy to understand the financial statement of an MSME.

Dissemination of the change of SAK ETAP to SAK EMKM 2018 by related parties, such as the Cooperative and MSME Office (Indonesian: *Dinas Koperasi dan UMKM*), the Indonesian Accountants Association (Indonesian: *Ikatan Akuntan Indonesia* (IAI)), or educational institutions, can increase the understanding of MSME actors towards applicable accounting standards (Adino, 2019). Regulatory changes (SAK) will create serious challenges for MSME, which is MSME will have difficulty for implementing (Sumarna, 2020). Based on a study conducted by Zotorvie (2017) in Ghana, collaboration from related parties in holding training programs concerning standardized accounting bookkeeping for MSME actors is highly recommended. According to Seman, Jusoh, Rashid, & Ramin (2019), attending training or seminars on accounting practice will improve accounting skills and financial management knowledge possessed by MSME actors.

3. RESEARCH METHOD

In this study, the researcher used a quantitative descriptive method. The quantitative method is carried out by calculating the percentage of survey data for each question item (Susilawati, Kusumastuti Wardana, & Fajar Rahmawati, 2018). Meanwhile, the descriptive method is carried out by comparing the reference theory, namely SAK EMKM which is described in the form of sentences and diagrams so that it can provide an overview of the actual research object regarding the level of understanding and application on SAK EMKM (Hidayat, Rohaeni, & Zanatun, 2018).

3.1. Data Collection Techniques

In this study, the researcher focused on a small sample. It was to examine real-life phenomena that are descriptive in nature. The data used in this study were primary data in the form of questionnaires and secondary data in the form of

literature reviews. The questionnaire is filled out by the actors or managers of MSMEs, who became the respondents of this study.

3.2. Operational Definitions of Variables

There are 3 basic accounting assumptions related to MSMEs discussed in this study (Putra, 2018), namely as follows:

- a. Accrual Basis
An entity compiles financial statements on an accrual basis. On an accrual basis, accounts are recognized as assets, liabilities, equity, income, and expenses when they meet the definitions and recognition criteria for each account.
- b. Going Concern of the Business
When compiling the financial statements, the management uses SAK EMKM in assessing their entity's ability to be able to continue the business in the future (going concern of the business). An entity will discontinue its business only if the management has an intention to liquidate or discontinue operations of their entity.
- c. The Concept of Business Entities
The activity of good business entities, whether they are individual businesses, business entities that are not legal entities, or business entities that are legal entities, must be clearly separated from that of the business owners. Therefore, transactions conducted by the business entities must be separable from transactions by the business owner.

The indicators for the understanding related to SAK EMKM are adapted from Salmiah, Neneng Nanda Tri, Satria Adino (2018). The outline of those indicators is presented in the following and for the complete questions can see at appendix on this article:

- a. Measurement (1 question item)
 - Q1. Historical cost
- b. Basic assumptions (3 question items)
 - Q2. Accrual basis
 - Q3. The concept of a business entity
 - Q4. Going concern of the business
- c. The presentation of financial statements (4 question items)
 - Q5. Types of financial statements of MSMEs
 - Q6. Financial position statements
 - Q7. Income statements
 - Q8. Notes to financial statements

3.3. Sample Collection Techniques

The researcher used quota sampling, which is a non-random sampling technique. To determine the sample, this technique sets certain criteria and whoever meets the criteria can be accepted as samples. It continues until the desired quota is fulfilled (Taherdoost, 2018). The minimum number of samples was determined using Slovin's formula. This formula makes it the researcher easier to determine the number of samples from the total population with the desired level of accuracy (Rono, 2018). The formula is as follows.

$$n = N / (1 + Ne^2)$$

Where:

n = minimum sample size

N = total population

e = margin of error

In this study, the number of samples for this study based on Slovin's formula is at least 114 respondents $((160 / (1 + 160(0,05)^2))$.

Data Analysis Techniques

In analyzing the data, the researcher used a qualitative analysis technique with a descriptive type. A descriptive study is a qualitative research that only describes one particular parameter without questioning what, how, and why it happened. This study portrays the facts as they are. After that, the facts are presented as a research report that uses certain scientific procedures and standards (Putra, 2018).

To measure the understanding of respondents concerning SAK EMKM, the employed measurement scale was a semantic differential scale developed by Osgood. This scale uses a continuous line, in which the "highly positive" responses are given a score of 4 located on the right side of the line and the "highly negative" responses are given a score of 1 located on the left side of the line (Sugiyono, 2016), as depicted in the following illustration.

Highly do not understand _____ Highly Understand

To calculate the average score, a rating scale was used with a formula adapted from Salmiah, Neneng Nanda Tri, Satria Adino (2018), as follows.

$$\text{Average} = (\text{Highest Score} - \text{Lowest Score}) / \text{Range}$$

$$\text{Average} = (4 - 1) / 4 = 0.75$$

Based on the formula above, the range categories for each average can be seen in Table 1 as follows.

Table 1 Perceptions on the Understanding Related to SAK EMKM

Ranges of Score	Category
1.00 – 1.75	Highly do not understand
1.76 – 2.50	Do not understand
2.51 – 3.25	Understand
3.26 – 4.00	Highly understand

Source: Data processed (2020)

4. DATA ANALYSIS AND DISCUSSION

Data Analysis

Data regarding the total of MSMEs in Batam were obtained from the Cooperative and MSME Office of Batam. The total MSME in Batam was 346. The calculation for determining the number of samples is described in Table 2 below.

Table 2 Details of the Determining of Samples

No.	Information	Number of Respondents
1.	Data regarding the total of MSMEs in Batam from the Cooperative and MSME Office of Batam	346
2.	MSMEs with “inactive” status	59
3.	MSMEs that experience problems other than difficulties in applying for credit (not in accordance with the scope of this study)	127
4.	MSMEs determined as a part of the population in this study	160

Source: Data processed (2020)

Descriptive Statistics as follows:

a. Respondents’ Age

Respondents who filled out the survey were 115 people. The total of those who were in an age range of 18 – 35 years was 41.74% or 48 respondents. The total of those who were in an age range of 36 – 47 years was 46.09% or 53 respondents. Furthermore, the total of those who were in an age range of over 47 years was 12.17% or 14 respondents. The age range with the highest percentage was 36 – 47 years. This age range is classified in the productive age category to open a business. Meanwhile, people aged 30 years and over have more experience and maturity in running a business (Deil, 2013).

b. Respondents’ position in their business

According to World Bank in Sarwono (2015), MSMEs can be grouped into three types: (1) micro enterprises (having 10 employees), (2) small enterprises (having 30 employees), and (3) medium enterprises (having 300 employees). 92.17% of respondents in this study occupied positions as owners as well as managers/employees because the business being run was still a family business and did not have other employees. The rest 7.83% of respondents or 9 people occupied positions.

Discussion

In this study, researcher try to find how far understanding of SAK. SAK EMKM is also designed in such way as to simplify the financial reporting of entrepreneurs. With the existence of SAK EMKM, it is hoped that MSMEs entrepreneurs will be able to compile and increase the credibility of their business financial reports. Furthermore, accountable and comprehensive financial reports will attract investors’s confidence more quickly. That way, they will be more assisted in terms of funding and able to increase their business capacity. Financial statements are also one of the essential attachments in tax reporting (Atpetsi, 2021). The explored areas concerning the implementation of SAK EMKM are as follows:

a. Financial Records

Financial records discuss the financial recording system carried out by the MSMEs, what transactions are recorded by the management of MSMEs, and the financial statements that are made. Examples of transactions include sales, purchases, inventories, cash in, cash out, expenses, and salaries.

b. Basic Accounting Concepts

Basic accounting concepts discuss the use of the concept of a business entity where the recording is carried out separately for business assets and personal assets.

c. SAK EMKM

SAK EMKM discusses the extent of knowledge possessed by respondents about the applied regulations in SAK EMKM.

The Implementation of SAK EMKM

The followings are the results of the survey concerning the implementation of SAK EMKM.

a. Training and socialization related to SAK EMKM

Respondents who have and have not attended training related to accounting bookkeeping and socialization of SAK EMKM from related agencies. As 92 people or 80% have not attended such training or socialization, while the remaining 23 people or 20% have attended the training or socialization.

b. Knowledge of business actors on the general requirements for applying for a capital loan

General requirements for applying for a capital loan to a bank or other institution are Identity Card, Family Card, Tax Identification Number, Bank Statement, business ownership letters, and financial transaction reports of the business being run. From the results of the survey, as 86 people (74.78%) know that the business transaction report is one of the requirements for applying for credit, while the remaining 25.22% (29 people) do not know it.

c. Recording of business transactions

From the results of the survey, as 40 people (34.78%) have carried out simple bookkeeping which consists of recording income, expenses, cash in, and cash out. Meanwhile, 75 people (65.22%) have not carried out any bookkeeping for their business.

d. Respondents who do the bookkeeping

From 40 respondents who carried out bookkeeping in their MSME, 36 people (90%) were business owners, 3 people (7.5%) were employees, and 1 person (2.5%) used consultant services in doing bookkeeping.

e. Bookkeeping period

The most applied bookkeeping period was daily bookkeeping. The total of respondents who carried out daily bookkeeping was 25 people (62.5%). The total of respondents who carried out weekly bookkeeping was 10 people (25%). The total of respondents who carried out monthly bookkeeping was 3 people (7.5%). Furthermore, the total of respondents who carried out bookkeeping with an uncertain period was 2 people (5%).

f. Reasons for not doing bookkeeping

Based on the data obtained from 75 respondents who do not do bookkeeping for their business, their reasons are that they lack knowledge of correct accounting recording based on applicable standards (20.61%), accounting records take a lot of time (20.20%), accounting records are deemed not important in supporting going concern of their business (20%), accounting reports are very difficult to be understood by ordinary people (19.8%), and it

is about the cost factor because they have to employ special employees who understand accounting (19.39%).

The Perception of Understanding of SAK EMKM

Running MSMEs is no easy deed. The owner has to deal with many challenges and issues, especially during the early stage of the business. It is often during this stage that most MSMEs's owners lose sight of the importance of maintaining the bookkeeping (accounting). Poor financial bookkeeping is become most common reason failing in the early year of operations. It is therefore that accounting is given ultimate focus during the early period of the business. It is offer many advantages such as fulfill legal regulations and requirements, control and accountability, accessing business and financial performance, tracks cash flow, and financial statements are required to raise capital (Kinden, 2021). In this research, the discussion of the survey results regarding the understanding of SAK EMKM are.

a. Measurement

The basis for measuring the elements of financial statements for business transactions is the historical cost. The survey results, show that as 36 people (31.30%) "highly do not understand" the concept of the historical cost. Meanwhile, as 33 people (28.7%) "do not understand", as 28 people (24.35%) "understand", and the rest 18 people (15.65%) "highly understand" the concept of the historical cost. It can be concluded that most MSME actors do not understand the concept of historical costs because they only understand that cash recording is carried out when a transaction occurs involving cash out and cash in without understanding that the historical cost of an asset is the amount of cash paid to acquire the asset. In other words, the historical cost of a liability is the amount of cash received and expected to be paid to meet the business liability.

b. Basic assumptions

1) Accrual basis

For the understanding of the basic concept of accruals, as 49 people (42.61%) "highly do not understand", 28 people (24.35%) "do not understand", 19 people (16.52%) "understand", and the remaining 19 people (16.52%) "highly understand". The basic concept of accruals is not understood by most MSME actors because they only understand the concept of cash out and cash in (expenditure and income) or the basic concept of cash (cash basis).

2) The concept of a business entity

For the understanding of the concept of a business entity in which accounting records are carried out separately from owner transactions, as 38 people (33.04%) "highly do not understand", as 30 people (26.09%) "do not understand", as 24 people (20.87%) "understand", and the remaining 23 people (20%) "highly understand". The concept of separating the recording of business transactions is not understood by most MSME actors because most of the recording is carried out by the owner acting as an employee as well in their business. Therefore, all expenses incurred both business expenses and owner's household expenses are put

into one record. Similarly in income, there is no separation between business income and personal income.

3) Going Concern

Understanding the concept of going concern of the business means that transactions are assumed to be continuous in many periods. As 31 people (26.96%) “highly do not understand” this concept, as 31 people (26.96%) “do not understand”, as 27 people (23.48%) “understand”, and the remaining 26 people (22.61%) “highly understand”. The concept of going concern of the business is not understood by most MSME actors because they carry out the recording that ends in one period only without taking into account the sustainability of recording for the next period.

c. The Presentation of Financial Statements

1) Minimum financial statements consist of financial position statements, income statements, and notes to financial statements.

For the understanding of the minimum of transaction statements based on SAK EMKM, as 36 people (31.3%) “highly understand”, 31 people (26.96%) “understand”, 26 people (22.61%) “do not understand”, and the remaining 22 people (19.13%) “highly do not understand”. In other words, most MSME actors know the types of financial statements.

2) The financial position statements provide information on assets, liabilities, and equity.

For the understanding of the contents or components of the financial position statements, as 33 people (28.7%) “do not understand”, as 31 people (26.96%) “highly understand”, as 26 people (22.61%) “understand”, and the remaining 25 people (21.74%) “highly do not understand”. In other words, most MSME actors do not know and do not understand what accounts are contained in the financial position statements.

3) The income statements provide information on income, expenses, and income taxes.

For the understanding of the contents and components of the income statements, as 33 people (28.70%) “do not understand”, as 30 people (26.09%) “understand”, as 29 people (25.22%) “highly understand”, and the remaining 23 people (20%) “highly do not understand”. In other words, most MSME actors know and understand what accounts are contained in the income statements. However, they perhaps only understand the concept of incoming and outgoing money or the concept of income minus costs equals profit.

4) Notes to financial statements provide information regarding the statement that the financial statements have been compiled based on SAK EMKM, a summary of accounting policies, and additional information.

For the understanding of the contents and components of the notes to financial statements, as 42 people (36.52%) “highly do not understand”, 33 people (28.7%) “do not understand”, 24 people (20.87%) “understand”, and the remaining 16 people (13.91%) “highly understand”. This indicates that most MSME actors do not know and understand what accounts are contained in notes to financial statements. This is because notes to financial statements are not customary financial reports for business actors

to prepare. In addition, they also do not know how to record accounting acknowledgments and explanations in the notes to financial statements.

The total average understanding of the presentation of the financial statements for the 4 question items is 2.37 with the perception level of “do not understand”.

Table 3 Overall Perceptions on the Understanding of SAK EMKM

No.	Indicators	Question Item	Average Score	Category of the Average Score per Items	Category of the Average Score per Indicator
1	Measurement	Historical cost	2.24	Do not understand	Do not understand
		Accrual basis	2.07	Do not understand	
2	Basic Assumptions	The concept of a business entity	2.28	Do not understand	Do not understand
		Going concern of the business	2.42	Do not understand	
		Types of financial statements	2.70	Understand	
3	The Presentation of Financial Statements	Financial position statements	2.55	Understand	Do not understand
		Income statements	2.57	Understand	
		Notes to financial statements	2.12	Do not understand	
Total Average Score			2.37	Do not understand	

Source: Data processed (2020)

From table 3 above, it can be concluded that the understanding of the measurement concept and basic assumptions possessed by the respondents is still low, which is at the perception level of “do not understand”. Meanwhile, the understanding of the concept of financial statement presentation is also still in the perception level of “do not understand”. This happens because most MSME actors and managers tend not to pay attention to the basic concepts of accounting, but rather go directly to the clerical recording (presentation) of every cash-in and cash-out transaction without understanding the applicable measurement and basic accounting concepts. Furthermore, for the type of financial statements, it may be because most MSME actors do not understand the term or the name of the type of financial statements and the accounts contained in them. Understanding of SAK by the owner is very useful in expanding the business, for example in terms of funding (*peer to peer lending* dan *crowdfunding*). In funding, requires administrative completeness, one of which is a financial report of at least 1 year which is prepared using the SAK basis (Sumarna et al., 2021).

5. CONCLUSION

As 80% of respondents have never attended training and socialization concerning SAK EMKM. As 74.78% of respondents know that the transaction report is one of the requirements for applying for credit to related institutions. As 34.78% of respondents have carried out simple bookkeeping to record their

business transactions even though they have not applied the applicable standard. The main factor that causes most MSME managers and actors not to do bookkeeping is the lack of knowledge of correct accounting records based on the applicable standards (20.61% of respondents). The understanding of SAK EMKM for the measurement and basic accounting concept is still in the perception level of “do not understand”. Meanwhile, the understanding of the concept of presentation of financial statements is also still in the perception level of “do not understand”. Overall, the perception of most MSME actors towards the understanding of SAK EMKM is 2.37 or in the category of “do not understand”. The conducted hypothesis testing indicates that the training/socialization variable has a significant positive effect on the understanding of SAK EMKM for MSME actors.

From the results of the survey, as 58.49% of respondents expect regular accounting training according to applicable standards (which are simple) for business owners, 22.01% of them expect an offer of free accounting services for bookkeeping, 11.95% of them expect monitoring and supervision by related parties (Cooperative and MSME Office, Indonesian Accountants Association, Tax Service Office, or others) to be more intensified, 5.66% of them expect to be able to use accounting consulting services, and 1.89% of them expect a simple and more flexible bookkeeping application on smartphones and the presence of a special office for consultations on accounting bookkeeping and simple basic accounting training for MSME actors, that is accessible in terms of locations, such as in the market.

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Appendix.

Question Items on the Perception of Understanding of SAK EMKM

- Q1. You understand that the basis of measurement in the financial statements should use costs that have occurred in the past.
- Q2. You understand that all transactions that occur must be recorded not only cast in and cast out.
- Q3. You understand that the preparation of financial statements must use the concept of separating financial records between business transactions and the owner's personal transactions.
- Q4. You understand that the preparation of financial statements must use the concept that the business being run should be sustainable from month to month and so on.
- Q5. You understand that the financial statements of MSMEs, at least, must consist of financial position statements, income statements, and notes to financial statements.
- Q6. You understand that the financial position statements contain information about assets, liabilities (debt), and equity (capital).
- Q7. You understand that the income statements contain information about income, expenses, and taxes.
- Q8. You understand that the notes to the financial statements contain information regarding the statement that the financial statements have been compiled based on SAK EMKM and other additional information.