

Manager Perception of Micro, Small and Medium Enterprises (MSMEs) About Presentation of Financial Statements Based on EMKM Financial Accounting Standards

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Abstract

This study aims to determine how the manager perception of micro, small and medium enterprises (MSMEs) regarding the presentation of financial statements based on the EMKM Financial Accounting Standards and identify the factors causing the low perception of MSME managers about the presentation of financial statements based on SAK EMKM. The results showed that the perception of MSME actorsThe results showed the perception of MSME managers with the criteria of Not Good/Low. The factors that cause the perception of MSMEs that are still not good/low are because MSME actors do not understand accounting in running their business, the lack of accounting knowledge they have, so they cannot carry out accounting activities such as recording in ledgers, journals, and making financial reports. Another reason is that MSME actors do not understand the importance of financial reports in running a business and MSMEs do not fully know about SAK EMKM.

Keywords

perception; MSMEs; financial reports; SAK EMKM



I. Introduction

Empowerment of micro, small and medium enterprises becomes very strategic because of its great potential in mobilizing the economic potential of the community, and at the same time being the main source of income for the majority of the community in meeting their daily needs.

Efforts to empower MSMEs from year to year are always monitored and evaluated for their progress, both in terms of their contribution to Gross Domestic Product (GDP), employment, investment growth, foreign exchange earnings through the export of commodities and or services. MSMEs are expected to help absorb labor, considering that most MSMEs are labor-intensive, so the growth of MSMEs has a significant impact on employment, especially in densely populated areas such as North Sumatra which is the province with the fourth largest population in Indonesia. This is not accompanied by an increase in the number of business actors who prepare financial reports for each business they run.

From the results of a survey conducted by researchers, information was obtained that the increase in the number of MSMEs in North Sumatra, especially in the culinary field in the West Binja District, was not accompanied by an increase in the number of business actors who compile financial reports for each business they run. The preparation of financial reports is very important in order to provide a clear picture of the progress of the company.

The lack of skills and knowledge of accounting financial reports that causes business actors not to make financial reports based on SAK EMKM, this is very unfortunate, even though the implementation of recording, bookkeeping and financial reporting is an important thing that needs to be done by every business actor, so that business actors can evaluate the performance of the business, besides that good financial reports will make it easier for business actors to obtain additional capital from the banking sector and good accounting financial reports are an important requirement in applying for loans to the bank. The banks themselves do not want to take risks in lending to business actors because the banks do not know the development of the business.

In accordance with Government Regulation No. 7 of 2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small and Medium Enterprises, which states that MSMEs are entitled to receive capital assistance allocated by the government on condition that they are required to have financial reports in accordance with applicable accounting standards. With good financial reports, MSME actors will find it easier to run their business. Ulfha (2019) The development of MSMEs in a country will have a positive impact on the national economy. This is due to the uncertain macroeconomic industry accompanied by global economic uncertainty.

Several culinary business actors in the West Binjai District have been interviewed, almost on average MSME actors are only concentrated in business operating activities so that the preparation of systematic financial reports is considered not really needed in micro, small and medium enterprises, which results in most of them not making financial statements. financial statements and some of them have made financial reports, but have not complied with accounting rules in accordance with SAK EMKM.

The results of the research of Putri Nurfadilah, Nur Diana, M. Cholid Mawardi (2019), they said that most of the respondents only made simple financial records to the knowledge of the company owner without being based on financial accounting standards. Recording of sales, purchases and expenses is done simply in the ordinary and irregular books, and is not complete. This is due to the lack of knowledge of the owner regarding the application of financial accounting standards, especially SAK EMKM and not employing special employees in terms of handling the company's financial statements. This fact is also supported by the results of Dewi Safitri's research (2019). The results of the study show the perception of MSME actors with Bad/Low criteria for the preparation of financial reports so that they do not have adequate financial records, which is because they do not have and apply strict and disciplined accounting records with bookkeeping. systematic and orderly.

The results of Sri Ayem's research, Risma Prihatin (2020) said that the application of SAK EMKM has a positive effect on the quality of MSME financial reports, which means that by implementing SAK EMKM in recording financial statements, it can improve the quality of these financial reports, so that it will make it easier for MSMEs to get funding to increase their business.

II. Review of Literature

2.1 Financial Statements

Financial statements describe the financial condition and results of operations of a company at a certain time or period of time. The types of financial statements that are commonly known are balance sheets, income statements, cash flow statements, and statements of changes in financial position or statements of changes in capital. Financial performance is a measuring instrument to know the process of implementing the company's financial resources. It sees how much management of the company succeeds,

and provides benefits to the community. Sharia banking is contained in the Law of the Republic of Indonesia No.21 of 2008 article 5, in which the Financial Services Authority is assigned to supervise and supervise banks. (Ichsan, R. et al. 2021)

For analysts, financial statements are the most important medium for assessing the performance and economic condition of a company. In the first stage an analyst will not be able to make direct observations of a company. And if he did, he wouldn't be able to know much about the company's situation either. Therefore, the most important medium is financial reports. This financial report is the material for information (screen) for analysis in the decision-making process.

Financial statements can describe the company's financial position, the company's operating results in a period, and the company's cash flow in a certain period (Harahap, 2011:10). According to the Indonesian Institute of Accountants (2015:1): "Financial report is a structured presentation of the financial position and financial performance of an entity. In addition, it also includes schedules and additional information related to the report, for example, financial information on industry and geographic segments and disclosure of the effects of change.

2.2 Financial Statements Purposes

Report Financial statements are prepared with the aim of providing information related to the financial position, performance and changes in financial position of an identity that is useful for decision making by users. The decisions taken by users of financial statements vary widely, depending on their interests. The financial information contained in the financial statements must have certain characteristics in order to meet the needs of its users. The characteristics that must be met for the information contained in the financial statements are set out in the basic framework for the preparation and presentation of financial statements (Purba, 2010:27). According to Kasmir (2013:11), financial statements aims to:

- a. Provide information about the type and amount of assets currently owned by the company.
- b. Provide information about the types and amounts of liabilities and capital owned by the company at this time.
- c. Provide information about the type and amount of income earned in a certain period.
- d. Provide information about the amount of costs and types of costs incurred by the company in a certain period.
- e. Provide information about changes that occur to the company's assets, liabilities, and capital.
- f. Provide information about the company's management performance in a period.

2.3 Financial Statement Components

In meeting the objectives of the above financial statements, a complete financial report consists of the following components:

- a. Statement of financial position (Balance Sheet) at the end of the period.
- b. Statement of Comprehensive income for the period.
- c. Statement of changes in equity during the period.
- d. Statement of cash flows during the period.
- e. The notes to the financial statements contain a summary of important accounting policies and other explanatory information.
- f. Statement of financial position at the beginning of a comparative period that is presented when the entity applies an accounting policy retrospectively or makes restatements of items in its financial statements. Hans Kartikahadi (2012:118-119).

The following is an overview of the components of financial statements after the change to International Financial Reporting Standards.

1. Statement of financial position at the end of the period The statement of financial position at the end of the period is a report that provides information about the value and type of company investment, the company's obligations to creditors and owner's equity. The company's financial position is influenced by controlled resources, liquidity and solvency as well as the ability to adapt to changes in the environment. The company's statement of financial position can be used as a basis for calculating the rate of return, evaluating the company's capital structure and taking into account the company's liquidity and financial flexibility.
2. Comprehensive income statement for the period The comprehensive income statement for the period serves to measure the company's financial performance between balance sheet dates. This report reflects the company's operating activities that provide details of the company's revenues, expenses, profits and losses for a period of time. The income statement can be used to find out indications of the company's profitability.
3. Statement of changes in equity during the period This report presents changes in equity items. This report is useful for identifying reasons for changes in equity holder claims on company activities.
4. Cash flow statement during the period This report presents and reports cash inflows and outflows for the company's operating, investing and financing activities separately during a certain period.
5. Notes to financial statements Notes to financial statements contain a summary of important accounting policies and other explanatory information. In Statement of Financial Accounting Standards No.1 (Indonesian Institute of Accountants, 2009) it is stated that the notes to the financial statements contain additional information on what is presented in the statement of financial position, statement of comprehensive income, separate income statement (if presented), statement of changes in equity and cash flow statement. The notes to the financial statements provide an explanation or details of the items presented in the financial statements and information about items that do not meet the recognition criteria in the financial statements.
6. Statement of financial position at the beginning of the comparative period. The statement of financial position at the beginning of this period is presented when the entity applies a retrospective accounting policy or makes a restatement of financial statement items, or when the entity reclassifies items in its financial statements.

According to Zaki Baridwan (2012: 19), there are components of the financial statements produced each period consisting of:

- a. Balance
- b. Income statement
- c. Statement of changes in capital

2.4 Definition of SAK EMKM

The Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) were approved by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) on October 24, 2016. The issuance of SAK EMKM is a form of support from IAI as an accounting professional organization, in increasing transparency enforcement and accountability of financial reporting entities, as well as encouraging the growth of the MSME sector in Indonesia. SAK EMKM is a financial accounting standard that is simpler than SAK ETAP because it regulates transactions that

are commonly carried out by EMKM. The basis of measurement is purely historical cost, so EMKM simply records assets and liabilities at cost.

SAK EMKM is intended to be used by micro, small, and medium-sized entities. According to SAK EMKM (2016: 1) Micro, small, and medium-sized entities are entities without significant public accountability, as defined in SAK ETAP, that meet the definitions and criteria of micro, small, and medium enterprises as stipulated in the applicable laws and regulations. in Indonesia, for at least 2 consecutive years. This SAK EMKM is effective for the preparation of financial statements starting on or after January 1, 2018 but early application is permitted. If this SAK EMKM has become effective, then micro, small and medium enterprises do not need to make financial reports using SAK ETAP.

2.5 Recognition of Financial Statements Elements in accordance with SAK EMKM

According to SAK EMKM (2016: 4), recognition of financial statement elements is the process of establishing an item in the statement of financial position or income statement that meets the definition of an element and meets the following criteria:

- a) It is probable that the economic benefits associated with the item will flow into or out of the entity. The assessment of the degree of uncertainty inherent in the flow of future economic benefits is carried out on the basis of evidence relating to conditions that existed at the end of the reporting period when the financial statements were prepared. The assessments were made individually for individually significant items and as a group from a large population for individually insignificant items. (SAK EMKM, 2016: 4).
- b) The item has a cost that can be measured reliably in most cases. In other cases, the cost must be estimated. If proper measurement is not possible, then the item is not recognized and is not presented in the statement of financial position or income statement (SAK EMKM, 2016: 4).

2.6 Measurement of Financial Statements Elements in SAK EMKM

is historical cost. The historical cost of an asset is the amount of cash or cash equivalents paid to acquire the asset at the time of acquisition. The historical cost of a liability is the amount of cash or cash equivalents received or the amount of cash expected to be paid to meet the liability in the normal course of business (SAK EMKM, 2016: 5).

2.7 Basic Assumptions Based on SAK EMKM

The basic assumptions used in preparing the financial statements are as follows:

- a) Accrual basis entities prepare financial statements using the accrual basis. Under the accrual basis, accounts are recognized as assets, liabilities, equity, income and expenses when they meet the definitions and recognition criteria for each of these items (SAK EMKM, 2016: 5).
- b) Going concern when preparing financial statements, management uses SAK EMKM in making an assessment of the entity's ability to continue its business in the future (going business). An entity has a going concern unless management intends to liquidate the entity or cease operations or has no realistic alternative but to do so. If the entity does not prepare financial statements based on the going concern assumption, the entity shall disclose the facts why the entity does not have a going concern (SAK EMKM, 2016: 6).

- c) Business entity concept An entity prepares financial statements based on the business entity concept. A business entity, whether it is an individual business, a business entity that is not a legal entity, or a business entity that is a legal entity, must be clearly separated from the owner of the business and from other entities. Transactions related to the business must be separated from the transactions of the business owner, as well as from transactions with other entities (SAK EMKM, 2016: 6).

2.8 Financial Reports According to SAK EMKM in Accordance with SAK EMKM

The minimum financial statements consist of (SAK EMKM, 2016, 8): Statement of financial position at the end of the period The statement of financial position presents information about the assets, liabilities, and equity of the entity at the end of the reporting period. SAK EMKM does not specify the format or order of the items presented. However, an entity may present asset items in order of liquidity and liability items in order of maturity. The statement of financial position presents information about the entity's assets, liabilities and equity at the end of the reporting period. SAK EMKM does not specify the format or order of the items presented. However, an entity may present asset items in order of liquidity and liability items in order of maturity. The following is a picture of the statement of financial position based on SAK EMKM.

III. Research Methods

This research is a descriptive research with a quantitative approach. The data collection technique is primary data consisting of documentation, interviews, and questionnaires. Questionnaires were distributed to all MSME actors, especially those engaged in the culinary field in the West Binjai District of Binjai City which were used as the population. The sample technique used in this study is purposive sampling which is limited by several predetermined criteria, so the sample obtained is 30 Culinary MSME actors.

IV. Results and Discussion

4.1 MSME Perceptions of Financial Statements Based on SAK EMKM

This research was conducted to find out how the perception of Culinary MSME actors in West Binjai District using a questionnaire. Researchers distributed questionnaires to 30 respondents to find out how MSME actors perceive the preparation of financial reports based on SAK EMKM.

Based on the calculation of the indicator value regarding the absorption of accounting information seen and heard by actors both directly and through social media is very low, we can see from the results of the study it is known that the average score on the absorption indicator is only 2.01 which is on a scale interval 1.81-2.61 (Not Good/Low) This is what makes MSME actors feel uninterested and interested in studying accounting and participating in training.

The results of this study are in line with previous research conducted by Dewi Safitri (2019) who conducted research in the District of Medan Helvetia, the results showed the perception of MSME actors with Bad/Low criteria for the preparation of adequate financial statements, which was due to not having and applying accounting records. strictly and disciplined with systematic and orderly bookkeeping.

Based on indicators regarding the understanding of MSME managers in basic accounting for the preparation of financial statements. According to Wowo Sunaryo Kuswono (2012: 44) understanding is included in the goal and response behavior, which is an understanding of the literal message contained in communication to achieve it. Individuals can change communication in their minds, or open responses to parallel and more meaningful forms. And based on the results of the study, it is known that the score obtained from the understanding indicator with an average score of 2.01 and is on an interval scale of 1.81-2.61 (Not Good / Low). This shows that the understanding of MSME actors in understanding financial statements based on SAK EMKM is still not good/low so that this is what causes the MSME actors' businesses to not develop properly.

Then based on the calculation of indicator values regarding the assessment of accounting information and the preparation of financial statements based on SAK EMKM is also very Bad /, we can see from the results of the study it is known that the average score on the assessment indicator is only 1.84 which is on the interval scale 1.81-2.61 (Not Good/Low). This is what makes MSME actors never prepare good financial reports according to accounting standards, namely SAK EMKM, From the results of this study, it can be interpreted that the perception of MSME managers regarding the presentation of financial statements based on SAK EMKM is Not Good/Low.

The factors that cause MSME perceptions are still not good/low can be seen in the absorption indicator which is at an average score of 2.01 which concludes that MSME actors are not very interested in knowing financial statement information based on SAK EMKM, the lack of accounting information and knowledge owned, so they cannot carry out accounting activities such as recording in ledgers, journals, and preparing financial reports. Another cause is that MSME actors do not understand the importance of financial reports in running a business and MSMEs do not fully know about SAK EMKM.

Presentation of financial reports based on SAK EMKM is easier for MSMEs in issuing financial reports, SAK EMKM makes it easier to evaluate, control or supervise and report accounting information, SAK EMKM acts as a tool used for collecting, processing and presenting accounting information, SAK EMKM can be compared to helps provide an overview of the internal and external environmental conditions of the business, and SAK EMKM is very helpful for making decisions for companies in anticipating the economic situation.

Provisions for the preparation of financial statements in accordance with accounting standards are one of the criteria for MSMEs to receive facilities Government Guarantee. Government guarantee is a guarantee provided for and on behalf of the Government by the Minister through a guarantee business entity appointed as a guarantor for the fulfillment of guaranteed financial obligations (business actors) which include principal and interest to guarantee recipients (banks) in the context of implementing the PEN Program.

The Government Guarantee is implemented as an implementation of the mandate of Government Regulation Number 7 of 2021, in the context of protecting, maintaining, and improving the economic capacity of Business Actors from the real sector and the financial sector in carrying out their business. Through the guarantee scheme, the Government seeks to encourage lending from banks to MSME business actors.

V. Conclusion

Descriptive statistical analysis shows that the perception of MSME managers regarding the presentation of financial statements according to SAK EMKM is the result of the criteria of Not Good/Low. The factors that cause the perception of MSMEs that are still not good/low are because MSME actors are not yet interested in understanding accounting in running their business, the lack of information obtained and the accounting knowledge they have, so they cannot carry out accounting activities such as recording in ledgers, journals, and preparation of financial reports. Another reason is that MSME actors do not understand the importance of financial reports in running a business and MSMEs do not fully know about SAK EMKM

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