Understanding of SAK EMKM for Micro, Small and Medium Enterprises in Makassar

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Abstract. This study aims to determine the understanding of SAK EMKM for Micro, Small and Medium Enterprises (MSMEs) in Makassar. The sample in this study amounted to 88 MSME owner respondents in Makassar. The sampling method used was convenience sampling, which is a sampling technique with convenience in mind. The data collection technique is done by distributing questionnaires to obtain the necessary data and conducting interviews related to research variables. The data analysis used in this research is descriptive qualitative analysis. The data from the answers to questions through interviews and questionnaires were then analyzed. These results are used to provide an overview of the respondents' responses to the variables studied (understanding of SAK EMKM which includes measurement, basic assumptions, and presentation of financial statements). The findings in this study indicate that most of the MSMEs in Makassar have not implemented SAK EMKM in managing financial statements. Only MSMEs that are in the middle category carry out the preparation of Financial Statements, although there are still some that are not in accordance with SAK EMKM.

Keywords: SAK EMKM, micro small, medium enterprises,

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have a very big role in advancing the economy in Indonesia. Apart from being an alternative to new employment opportunities, it also plays a role in the rate of economic growth. According to Law No. 20/2008, MSMEs are described as small companies that are owned and managed by a person or owned by a small group of people with a certain amount of wealth and income.

The presence of MSME players is the most important part of the economy in Indonesia because it is one of the biggest driving forces. The monetary crisis that hit Indonesia in 1998 has proven that small and medium enterprises are the ones that survive when giant companies collapse.

The Indonesian Ministry of Cooperatives and SMEs reports that in terms of number of units, MSMEs have a share of around 99.99% (62.9 million units) of the
total business actors in Indonesia (2017), while large businesses are only 0.01% or around 5400 units. Micro Enterprises absorb around 107.2 million workers (89.2%), Small Enterprises 5.7 million (4.74%), and Medium Enterprises 3.73 million (3.11%); while Big Enterprises absorbs around 3.58 million people. This means that collectively, MSMEs absorb around 97% of the national workforce, while Large Enterprises only absorb about 3% of the total national workforce (www.ukmindonesia.id; July 2019).

The quantity of MSMEs in Makassar has always recorded quite high growth in the last few years. Referring to data from the Makassar Cooperatives and UMKM Office, the number of MSME actors so far is 16,492 engaged in various sectors. The main problem of MSME actors in Makassar is actually relatively the same as other regions, one of which is capital. To overcome this, the government provides funding facilities in the form of bank loans. To apply for a loan from a bank, MSMEs must submit financial reports as a condition for applying for a loan from the bank. Apart from banking purposes, financial reports are also used for annual tax reporting for business actors. Financial reports are used to provide information about the financial position, cash flow and financial performance of a company that is useful to interested users.

Financial reports are prepared so that business companies can plan and budget for business activities within a certain period. In addition, the financial statements are prepared to control the business, because with the control, the planned targets can be achieved. Financial reports can be used by investors or creditors to assess the results of the development of the business.

MSMEs have weaknesses in preparing financial reports, because preparing financial reports according to predetermined standards is considered difficult and complicated by MSME actors. To make it easier for MSME players in preparing financial reports, the Indonesian Institute of Accountants (IAI) prepared a standard for MSMEs, namely the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) which were effective starting January 1, 2018. Because they are intended for MSME players, the standards are prepared simpler. With this simplification, it is hoped that MSMEs can prepare financial reports in accordance with SAK EMKM so that they can easily apply for funding to banks or other parties as well as a basis for tax reporting on the Annual SPT.

Several researchers have conducted research related to the application of SAK EMKM. Nurlaila's research (2017) suggests that Sukma Cipta Ceramic Dinoyo, which is one of the MSMEs in Malang which is engaged in ceramic production, has not implemented SAK EMKM in its records. Likewise, research by Putra (2018) suggests that 80.4% (majority) of MSMEs in South Tangerang have not implemented SAK EMKM in their financial reports. Likewise, research conducted by Ramdani and Ajmal (2018) states that Warkop MSMEs in Makassar have not fully implemented SAK ETAP in their financial reporting.
Based on this background, the formulation of the problem of this research is how the understanding of SAK EMKM for MSME actors in Makassar?

Referring to the problem formulation above, the purpose of this study is: to determine the understanding of SAK EMKM for MSME actors in Makassar.

**MSMEs**

**Micro Enterprise**

Chapter 1 Article 1 of Law No.20 of 2008 micro enterprises are productive businesses owned by individuals and / or individual business entities that meet the criteria of micro enterprises as stipulated in this law, where the maximum assets are 50 million and sales reach 300 million. "A micro business is a business that is managed by an individual or a family or several people who do not have a complete business license". Sumitro (2004: 168).

From this definition, it can be concluded that a Micro Business is a business that is managed by individuals or several people who do not have a business license and the sales revenue reaches Rp. 300,000,000.00 / year.

**Small Enterprise**

Definition of Small Business In Chapter 1, article 1 of Law no. 20 of 2008: Small Business is a productive economic business that stands alone, carried out by individuals or business entities that are not a subsidiary or branch of a company that is owned, controlled or part of, either directly or indirectly, with a small business or large business with the amount of net assets or annual sales proceeds as regulated in this Law.

Small businesses in this category are those that are often viewed as businesses that face many difficulties, especially those related to weak managerial skills, technology and limited capital, human resources, marketing, and product quality. External factors in small businesses are obstacles that are difficult to overcome, namely an unhealthy market structure and the development of foreign companies producing similar products for the same market segment. Sumitro (2004: 168).

From this opinion, it can be concluded that a small business is a business that is not a subsidiary or branch of a business and the annual profit is Rp.50,000,000.00 - Rp.500,000,000.00, this business can be said to be an independent business because it is the workforce of its own family members.

**Medium Enterprise**

Definition of Medium Enterprises in Chapter 1 article 1 Law no. 20 of 2008: Medium-sized enterprises are economic activities carried out by individuals or households or an entity aimed at producing goods or services for commercial trade and have a sales turnover of more than 1 (one) billion. In Law no. 20 of 2008 concerning SMEs states that medium-sized enterprises are independent productive economic enterprises, which are carried out by individuals or business entities that
are not subsidiaries or branches of companies that are owned, controlled, or are part of either directly or indirectly with Small Businesses or Large Enterprises with total net assets or annual sales proceeds as regulated in the Law.

According to the Central Statistics Agency (BPS), MSMEs based on the quantity of labor "Small businesses are businesses that have a workforce of 5 to 19 people, while medium enterprises are businesses that have a workforce of 20 to 99 people".

From this opinion, it can be concluded that a Medium Business is an economic activity undertaken by an individual or household or an entity aimed at producing goods or services to be traded commercially and has a sales turnover of more than 1 (one) billion, with a workforce of 20 to 99 people.

**MSMEs Characteristics**

Micro-scale business is an integral and important part to be developed because it can be an alternative for urbanites so that it can encourage the control of the negative impact of urbanization, especially in big cities.

The following are the characteristics of micro businesses according to Alma (2010: 157), among others: 1) access to resources of micro businesses is business actors characterized by their relatively low access to resources, micro-scale production is still oriented towards labor, its production technology still low, their training experience is relatively minimal, and access to raw materials can affect costs; 2) ownership of micro businesses, micro scale businesses owned and managed by individuals or families so that the income of micro businesses becomes the main support to meet family needs; 3) the role of micro businesses, in general, micro enterprises absorb less than 5 workers, and almost all micro businesses absorb more than 1 workforce, however, micro enterprises that have developed will be able to employ 5-10 people; 4) micro-business institutions, generally micro-businesses do not have a formal permit or license from the relevant institution, so that micro-businesses operate informally; 5) business feasibility in order to identify micro-scale business institutions, identified through aspects of production, technology used, suppliers, nature of business, business projections, consumer demand, substituted products, and government support.

According to Prawirookusumo (2010: 48), the characteristics of small businesses: 1) Usually small businesses are managed by their owners so that they are called owner-managers who usually act as leaders who provide direction to some staff who are not too many and do not specialize in running a business. They are called team management and usually come from family members, relatives, or close friends; 2) Small businesses usually only have a single product line, no business diversification, the volume of the business is relatively small; 3) The person in charge of decision making is usually held by one person and does not give authority to others (very little or no delegation of authority); 4) The relationship between
management and employees is very close (close management-employee relationship); 5) Usually a business organization without any functional specialization (has few or sometimes no functional specialists, such as a full time accountant or a personal manager); 6) The reporting system is also not stratified (has no more than two tiers of management reporting; 7) It lacks long term planning; 8) Usually doesn't go public; 9) More oriented to survival to maintain owner's equity rather than maximizing provocation; 10) Not dominant in the market.

Meanwhile, according to Bustami et al (2007: 4) the characteristics of small businesses are: 1) Generally managed by the owner himself; 2) Simple organizational structure; 3) The owner knows each individual employee; 4) The failure rate is very high; 5) Lack of expertise; and 6) Difficulty obtaining long-term capital.

Article 6 of Law No. 20 of 2008 states that the criteria for medium-sized enterprises are as follows: 1) having a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business; or 2) have annual sales proceeds of more than IDR 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of IDR 50,000,000,000.00 (fifty billion rupiah).

Financial Statement

According to Kieso et all (2011: 5) the financial statement most frequently provided are (1) the statement of financial statements position, (2) the income statement or statement of comprehensive income, (3) the statement of cash flows, and (4) the statement of changes in equity. Note disclosures are an integral part of each financial statement.”

According to the Indonesian Institute of Accountants (2018: PSAK 1) financial statements are reports consisting of statements of financial position, statements of comprehensive income, reports of changes in equity, statements of equity, notes on financial statements and statements of financial position at the beginning of the closest previous period when the entity applies a retrospective accounting policies or restatement of financial statement items, or when an entity reclassifies items in its financial statements.

According to Kasmir (2013: 7) financial reports are reports that show the company’s current financial condition or future period. The purpose and objective of financial statements shows the financial condition of the company. According to Munawir (2010: 5) financial statements consist of a balance sheet and a profit and loss calculation as well as reports on changes in equity. The balance sheet shows or describes the amount of an asset, a liability and also about the equity of a company at a certain date.

Based on these definitions, financial statements are records of a company’s financial information during an accounting period that can be used to describe the company’s performance.
SAK EMKM

SAK EMKM is a Financial Accounting Standard which is specifically designed as a benchmark for Financial Accounting Standards for MSMEs. This Financial Standard is prepared and endorsed by the IAI or the Indonesian Accounting Association as a professional organization that oversees all accountants in Indonesia. This SAK EMKM is one of the encouragement for entrepreneurs in Indonesia to be able to contribute to the development of more advanced MSMEs.

IAI then compiled SAK that was simpler than SAK-ETAP, namely SAK EMKM which was specifically for MSME players in mid-2015. This is because there are still many MSMEs in Indonesia that have not been able to prepare and compile financial reports in accordance with applicable SAK.

An entity prepares financial statements on an accrual basis. On an accrual basis, items are recognized as assets, liabilities, equity, income and expenses when they meet the definitions and recognition criteria for each of these items. 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 concern). The entity prepares financial statements based on the concept of a business entity. 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 the business owner and from other entities.

The way of presenting EMKM's financial statements has been prepared in detail in SAK EMKM, where the presentation must be consistent, comparative financial information, and complete. At a minimum, the financial statements consist of: 1) Statement of financial position at the end of the period; 2) Income statement for the period; 3) Notes to financial statements, containing additional and details of certain relevant accounts.

Conceptual Framework

This study explains the understanding of SAK EMKM for MSME actors in Makassar City. The results of this study can provide information on how MSME actors understand SAK EMKM in preparing their financial reports, so that in the future it is expected to be more helpful in preparing their business financial reports in order to make it easier to obtain People’s Business Credit (KUR) and can also assist in the tax reporting process on the Annual SPT Taxpayer.

There are also components of SAK EMKM that must be fulfilled by MSMEs including 3 parts, namely: measurement, basic assumptions, and presentation of financial statements.
RESEARCH METHODS

Research and Measurement Variables

The variable in this study is the understanding of SAK EMKM. The understanding of SAK EMKM is the extent to which MSME actors understand SAK EMKM which includes measurement (historical cost), basic assumptions (accrual basis, business continuity, and business entity concept), and financial statement presentation (Profit/Loss Report, Financial Position) Report, and Notes, On Financial Statements).

Population and sample

The population in this study were MSMEs registered at the Makassar City Cooperatives and SME Service. The sampling technique used in this study was convenience sampling and random sampling techniques. Convenience sampling is a sampling technique based on chance (Siregar, 2013). Who are the people the researcher meets by chance who fit the sample criteria who are MSMEs in Makassar.

This study also uses a random sampling technique, which is a sampling technique that provides an opportunity for everyone in a population who is willing to be a research sample (Siregar, 2013). The reason for taking these two sampling techniques is because of the large number of MSME actors scattered in Makassar. Therefore, to facilitate access in finding respondents, convenience sampling and random sampling techniques were used.

Data collection technique

The data collection technique is done by distributing questionnaires to obtain the necessary data and conducting interviews related to research variables. The data used in this study were collected in two ways, namely (1) field research and (2) library research.

Literature research is needed to obtain secondary data to complement existing primary data. Secondary data were obtained from literature review in the form of theoretical basics, previous research results and supporting materials relevant to this research.

Data analysis technique

The data analysis used in this research is descriptive qualitative analysis. The data from the answers to questions through interviews and questionnaires were then analyzed. These results are used to provide an overview of the responses of respondents (MSME actors) to the variables studied (understanding of SAK EMKM which includes measurement, basic assumptions, and presentation of financial statements).
RESULT AND DISCUSSION

Respondents in this study amounted to 100 MSMEs in Makassar in the micro, small and medium categories. The questionnaire was filled out via the google docs link which was sent via the whatsapp application. The number of respondents who filled in completely was 88 respondents. 12 respondents did not fill in completely so they could not be included in further data processing.

The results showed that the micro category of MSMEs did not yet show complete financial reports that were in accordance with SAK EMKM. This is because most MSME owners do not understand the importance of preparing financial reports in accordance with SAK EMKM. They run a business with relatively minimal capital and costs, so they think that they don’t need an SAK EMKM-based financial report.

For small-scale MSMEs, some have made financial reports but they are still in a simple form. Not in accordance with SAK EMKM. The reason for preparing simple financial reports is that they are needed in tax reports and bank credit management.

Meanwhile, medium-scale MSMEs, in general, have prepared financial reports, although most have not fulfilled the SAK EMKM. Medium-scale MSMEs already have a large amount of capital and expenditures, so they think that financial reports are needed to find out how much profit / loss they get. They also do this because of the need for tax reports that must be reported every month regarding the amount of business turnover (operating income) earned. The need for other financial reports certainly makes it easy to obtain Micro Business Credit from banks.

From some of the answers to the interview results it was also known that the reason for not preparing SAK EMKM-based financial reports was due to the lack of socialization they received regarding the importance of preparing SAK EMKM-based financial reports.

CONCLUSION

Based on the results of the discussion, it can be concluded that most of the MSMEs in Makassar have not implemented SAK EMKM in managing financial statements. Only MSMEs that are in the middle category do the preparation of Financial Statements, although there are still some that are not in accordance with SAK EMKM.

For MSMEs, socialization can be given about the importance of compiling SAK EMKM-based financial reports. This can be beneficial for the continuity of their business in the future because it is very helpful in reporting the taxation report., and also facilitates the management of bank credit. For the Office of Cooperatives and UMKM, the need to collaborate with related agencies to help the sustainability of MSMEs in the future sees the growth in the number of MSMEs in Makassar increasing every year.
REFERENCES


