

Implementation of SAK-EMKM Towards Controlling Financial Statements on Msmes in Palembang City

Leriza Desitama Anggraini
Accounting
Universitas Indo Global Mandiri
Palembang, Indonesia

Andini Utari Putri
Accounting
Universitas Indo Global Mandiri
Palembang, Indonesia

Abstract:- This study aims to determine the application of SAK EMKM to control MSME financial reports, especially the food industry, namely pempek. This research uses descriptive quantitative research methods. The sample used in this study was food MSMEs, namely Pempek, which is registered at the Palembang City Cooperative and UKM Service. The sampling technique used the Slovin formula for as many as 50 pempek traders. Types and data sources are primary data with data collection techniques, namely observation and questionnaires, then processed using multiple linear regression statistical calculations. Based on the research results, it can be concluded that the variable application of SAK EMKM affects the control of financial statements at MSMEs in Palembang City.

Keywords:- implementation, control, financial statements, SAK EMKM.

I. INTRODUCTION

The application of accounting in Indonesia itself refers to the Financial Accounting Standards issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI). Financial Accounting Standards (SAK), according to (Indonesian Institute of Accountants, 2016), are a set of procedures for making financial reports so that there is uniformity in the presentation of financial statements. SAK is the result of the Indonesian Accounting Principles Committee (PAI) formulation in 1994, which replaced the 1984 revision of Indonesian Accounting Principles. SAK's existence aims to increase the information power of financial statements so that financial reports are easier to understand and can be used for compilers, auditors, or other users. DSAK IAI, as a compiler of accounting standards in Indonesia, has issued several SAKs, including (Indonesian Accountants Association, 2016): Financial Accounting Standards based on International Financial Reporting Standards (IFRS-based SAK); Financial Accounting Standards for Entities without Public Accountability (SAK ETAP); Islamic Financial Accounting Standards (SAK Syariah); Government Accounting Standards (SAP); and EMKM Standard. Financial Accounting for Micro, Small, and Medium Entities (SAK EMKM).

SAK EMKM is a more straightforward financial accounting standard than SAK ETAP because it regulates MSMEs' general transactions. The implementation of SAK EMKM in Indonesia began to be effective as of January 1, 2018. SAK EMKM is intended for entities that do not or have not met the accounting requirements stipulated in SAK ETAP and do not provide criteria for micro, small and medium entities. Thus SAK EMKM is intended for MSMEs to be able to compile quality financial reports. Financial reports based on SAK EMKM consist of financial position statements, income statements, and notes to financial statements (Indonesian Accounting Association, 2016).

Micro, Small, and Medium Enterprises in Indonesia have an important role in the country's economy because they can absorb the labor force and increase national economic growth. The number of MSMEs in Indonesia is approximately 57.8 million units, or 99.9% of all business units, and absorbs a workforce of approximately 114.4 million or 96.99% of the entire crew (Mubiroh & Ruscitarsi, 2020). Some of the advantages of MSMEs, according to (Hani, 2017) include: (a) adaptability to the ebb and flow of market demand; (b) create faster jobs; and (c) able to contribute significantly to exports and trade. Based on the Law of the Republic of Indonesia No. 20 of 2008, UMKM is a business activity that can expand employment opportunities and provide broad economic services to the community, play a role in equity, and increase economic growth to achieve national economic stability. However, few MSMEs in Indonesia still experience obstacles in accessing funding from both banks and other financial institutions. Banks and financial institutions are one of the sources of funding for MSMEs. Still, banks and other financial institutions face difficulties assessing loans from MSMEs that do not have proper financial records. One reason is that the ownership structure of MSMEs is usually in individuals or family members. There is no public accountability, lack of supporting regulations, no audit of financial statements, and a lack of resources (Mubiroh & Ruscitarsi, 2020). Another obstacle is the low understanding of accounting practices due to the insufficient understanding of business owners' financial accounting standards. This occurs because there are no regulations that require the preparation of financial reports for MSMEs, limited knowledge of accounting bookkeeping, the complexity of the accounting process, and the view that financial statements are not important for MSMEs (Pratiwi & Hanafi, 2016).

This research was conducted at the Micro, Small, and Medium Enterprises (UMKM) Pempek Palembang City. The reason researchers are interested in researching this business is because the pempek business is a well-known and growing manufacturing industry business in the typical culinary sector of Palembang City. To create a populist economy that is innovative and creative and has high competitiveness, the Government of Palembang City, supports and improves the quality of standardization of the city's culinary business. One of the ways is by providing business capital assistance without interest and without collateral to Pempek MSME actors who are considered feasible or can develop. However, to apply for business capital assistance, MSME actors need to prepare financial reports. This follows the regulation of the Minister of Cooperatives and Small and Medium Enterprises Number 08 / Per / M.KUKM / 2012 concerning the Accounting System for Cooperative Fund Management Institutions and Micro, Small and Medium Enterprises. However, in practice, there are still some Pempek MSME players in Palembang City who have difficulty preparing complete financial reports or by Financial Accounting Standards specifically issued for MSMEs, namely the Financial Accounting Standards for Micro, Small and Medium Entities. This is due to the low understanding of accounting practices and considers the accounting process quite difficult to carry out. Even some UMKM actors do not know about this SAK EMKM because there has been no government socialization about the implementation of the SAK EMKM, which was only effective on January 1, 2018. This research has a difference with previous research conducted by Pratiwi and Hanafi, namely the independent variable where previous researchers analyzed the factors that affect SAK ETAP application. At the same time, this study examines the effect of the application of the SAK EMKM-based accounting.

II. EMPIRICAL LITERATURE REVIEW

➤ Agency Theory

Jensen and Meckling first put forward agency theory in 1976 in their research entitled Theory of the Firm: Managerial Behavior, Agency Cost and Ownership Structure. This theory explains the relationship between principal and agent. The principal authorizes the agent regarding the best decision-making for the principal by prioritizing the interest in increasing company profits to minimize expenses. If both parties have the same interest, the agent will act by the principal's interests (Triyuwono, 2018).

If agency theory is linked to this study, the principal party is IAI while the agent is MSME. Because IAI is the top issue, SAK EMKM is the primary benchmark for MSMEs to record financial reporting. Meanwhile, MSMEs as agents apply standards that have been validated by the IAI, which aim to improve the quality of financial reports so that MSMEs will efficiently conduct assessments or company measurements both in material and non-material terms.

➤ SAK-EMKM

To develop quality and facilitate the financial reporting needs of MSMEs in Indonesia, the Indonesian Accounting Association Board (IAI) ratified the exposure draft of Financial Accounting Standards for Micro, Small and Medium Enterprises (SAK-EMKM) at a meeting on 18 May 2016, officially approved on 24 October 2016 and effective. On January 1, 2018. SAK EMKM (Indonesian Accounting Association, 2016) was prepared as a form of accounting standards that are much simpler to be applied and understood by MSMEs than SAK ETAP. Many studies have stated that there are still many MSME actors who have not implemented SAK.

ETAP due to a lack of understanding of human resources and difficulty understanding SAK ETAP. According to (Adrianto, 2016) "MSME players in the Larangan Market, Sidoarjo, feel they do not need accounting information and find it difficult to record accounting based on SAK ETAP with all the limitations they have." Therefore, based on these researches, IAI needs to prepare a more straightforward accounting standard and the financial reporting needs of Micro, Small, and Medium Entities (EMKM).

Based on Law No. 1 of 2013 article 29 paragraph 1 concerning Micro Financial Institutions, IAI prepares SAK EMKM, which is consistently followed all the pillars of other existing financial accounting standards that existed before; Conforms and reflects developments in business operations and current conditions conducted generally by the entity; Creating balanced accounting principles by complexity as well as the information needs of users of financial reports; and Based on the principle of cost-effectiveness.

➤ Financial Statements

According to (Indonesian Accounting Association, 2016), financial reports are records of information about a company in the accounting period that describes its performance. Financial statements are valid for banks, creditors, business owners, and other interested parties to analyze and interpret its financial performance and condition. According to (Kasmir 2017), financial reports show the company's current economic state in a certain period. The purpose of financial statements that show current conditions is the company's financial condition at a specific date (on the balance sheet) and a certain period (on the income statement).

The purpose of financial reports, according to (Indonesian Accounting Association, 2016), is to provide information on the financial position and performance of an entity that is useful for a large number of users in making economic decisions by anyone who is not in a place to request specific financial reports to meet these information needs. These users include providers of resources to the entity, such as creditors or investors. In fulfilling its objectives, financial statements also show management's accountability for the resources entrusted to it. According to (Hutauruk, 2017) the purpose of financial statements is to

provide information about the financial position, performance, and changes in the financial part of an entity that is useful for a large number of users in making economic decisions. Financial reports prepared for this purpose meet the shared needs of most users. However, financial statements do not provide all the information that users may need in making economic decisions because they generally reflect the financial effects of past events and are not required to provide non-financial information.

Based on some of the descriptions that have been explained previously, the purpose of financial statements is to provide company financial information so that it can be used to determine the company's performance, which will be used for decision making by management in the future.

Preparation of SAK-EMKM-Based Financial Statements

Information on financial statements based on SAK EMKM consists of information on assets, liabilities, and equity at a specific date and is presented in the opinion of financial position. These elements are defined as follows according to (Indonesian Accounting Association, 2016):

1. *Asset.*

The entity controls resources due to past events and the initial arrival of future economic benefits expected to benefit the entity.

2. *Liabilities.*

Sacrifices of the entity's economic benefits arising from future events then whose settlement results in an outflow of the entity's resources contain economic benefits.

3. *Equity.*

The residual interest in the assets of the entity after deducting all of its liabilities.

➤ *Micro small and Medium Enterprises*

(Suci, 2017) stated that the 1945 Constitution was strengthened using TAP MPR NO.XVI / MPR-RI / 1998 concerning Political Economy in the context of Economic Democracy, Micro, Small, and Medium Enterprises need to be empowered as an integral part of the people's economy, which has a position, a role, and strategic potential to create a national economic structure that is increasingly balanced, developed and just. Furthermore, the definition of MSMEs was made through Law No.9 of 1999, and due to the increasingly dynamic state of development being changed to Law No. 20 Article 1 of 2008 concerning Micro, Small and Medium Enterprises, the definition and criteria of MSMEs are as follows:

1. *Micro Business.*

Productive businesses owned by individuals or business entities that own them Maximum net worth is IDR 50,000,000 excluding building and land assets. The maximum sales yield is Rp. 300,000,000.- within one year.

2. *Small Business.*

Productive and independent businesses are owned by individuals or bodies business that is not a branch of an owned, controlled, or part of, either indirectly or directly, of a medium-sized company with a minimum net worth of IDR 50,000,000 and a maximum of IDR 500,000,000. Including building and land assets. The minimum sales yield is IDR 300,000,000 and a maximum of IDR 2,500,000,000 in one year.

3. *Medium Enterprises.*

Productive businesses owned by individuals or business entities that are not registered, including branches of the main business that are owned, controlled, or become a part, either indirectly or directly, of a small or large business with a minimum net worth of Rp. 500,000,000 and a maximum of Rp. 10,000,000,000. excluding building and land assets. The minimum sales yield is IDR 2,500,000,000 and a maximum of IDR 50,000,000,000 in one year.

III. DATA AND MODEL

This research uses descriptive quantitative research methods, which is one type of research whose specifications are systematic, planned, and structured, clearly from the start until the research design (Sugiyono, 2017).

In this study, two types of data are based on the source, namely secondary data and primary data. Types and sources of data used in this study are preliminary data obtained directly from distributing questionnaires. In this study, the population is MSME actors engaged in the pempek culinary industry located in Palembang. The sampling technique used in this study was the purposive sampling method. This study's population was 100 MSMEs Pempek is registered with the Palembang City Cooperative and UKM Service so that the percentage of leeway used is 10%, and the calculation results can be rounded up to achieve conformity. The samples which became respondents in this study were 50 Pempek MSMEs or about 50% of all Pempek MSMEs registered at the Palembang City Cooperative and UKM Service; this was done to facilitate data processing and better test results. This study uses descriptive quantitative methods in analyzing data. The data obtained from the entity is in the form of numbers, or the sum of the questionnaires, which are modified through a measurement scale using multiple linear regression statistical calculations carried out with the help of statistical data management, namely the Statistic Program for Social Science (SPSS) version 22.

IV. RESULTS AND DISCUSSIONS

The regression test aims to determine the influence of the independent variables on the dependent variable. The study used multiple linear regression statistical calculations carried out with statistical data management, namely the Statistic Program for Social Science (SPSS) version 22. The results of multiple linear regression tests can be seen in the following table:

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	-4,942	2,225	,572
	X1	,692	,187	,516

Table 1:- Multiple Linear Regression Test Results
Source: Author's Compilations

Multiple linear regression analysis is used to determine the effect of the independent variable on the dependent variable. Following are the results of multiple linear tests:

It can be seen that the numbers that are in Unstandardized Coefficients Beta can be compiled multiple linear regression equations as follows:

$$Y = -4,942 + 0,692 X1 + e$$

Based on the above equation results, the regression coefficient results can be interpreted as follows: The coefficient value of $b_1 = 0.692$ means that the application variable has a positive coefficient value. This shows that any increase in the application of SAK EMKM will lead to an increase or increase in Pempek MSMEs of 0.692, assuming the other independent variables are constant.

❖ Discussion

The Effect of SAK EMKM-Based Accounting Application on Financial Statements at Pempek MSMEs

Based on the results of the tests that have been carried out, it can be seen that the application of SAK EMKM-based accounting has at-value of 3.706 and a significance value of $0.001 > 0.05$, so it can be concluded that the variable of applying SAK EMKM-based accounting affects the financial statements of SMEs pempek in Palembang City. Thus the hypothesis which states that it is suspected that the application of SAK EMKM-based accounting involves the financial statements of pempek MSMEs in Palembang is accepted.

The results of the above calculations can be concluded that the higher the level of application of SAK EMKM-based accounting records by MSME players, the better the preparation of financial reports that will be presented. In theory, the results obtained from testing these two variables are related to agency theory. This theory discusses the relationship between the principal and the agent. This study indicates that the principals, namely the Indonesian Accounting Association (IAI) and the agents, namely Micro, Small, and Medium Enterprises (MSMEs), have the same goal of maximizing firm value. By implementing SAK

EMKM-based accounting in preparing financial reports, the quality of MSME financial reports will be better and help MSMEs to get funding to improve their business. Also, MSME financial reports can be compared between periods and can assist in decision-making.

The results of this study are not in line with research conducted by Widiastoeti and Sari (2020), Purbe (2019), Barus, Indrawaty and Solihin (2018), and Amani (2018), where the results of their research show that there is no effect of implementing SAK EMKM on the quality of MSME financial reports. Because there are still many MSME players who have not applied SAK EMKM accounting in preparing their financial statements. MSMEs have not implemented SAK EMKM accounting because accounting and bookkeeping are considered complicated and difficult to use and factors from Human Resources in finance, level of compete-competence small organizational scope.

However, the results of this study are in line with research conducted by Rahman and Shinta (2020), Ayem and Prihatin (2020), Nursalim, Muslichah and Junaidi (2019), and Ningtyas (2019), where the results of their research show the influence of accounting understanding on the application of SAK. EMKM. This shows that MSME actors have implemented SAK EMKM in preparing their financial reports. So that you can get the quality of financial statements that are relevant and reliable. So that financial reports can be compared between periods and can also help in decision making.

V. CONCLUSIONS, AND RECOMMENDATIONS

Based on the results and discussion of research that has been carried out on the application and understanding of SAK EMKM-based accounting to financial reports at pempek MSMEs in Palembang, it can be concluded as follows:

1. Based on the simultaneous test results, the variable of SAK EMKM-based accounting application and the SAK EMKM-based accounting understanding variable has a significance value of $0.000 < 0.05$, which means that the application of SAK EMKM-based accounting and understanding of SAK EMKM-based accounting influences the financial statements of Pempek MSMEs in the City Palembang.
2. Based on the partial test results, the application of SAK EMKM-based accounting gets an at-value of 3.706 and a significance value of $0.001 > 0.05$, so it can be concluded that the variable of applying SAK EMKM-based accounting affects the financial reports of pempek MSMEs in Palembang City.

REFERENCES

- [1]. Adrianto. 2016. Pencatatan Akuntansi Pada Usaha Mikro, Kecil dan Menengah (UMKM) terhadap Implementasi Standar Akuntansi Entitas Tanpa Akuntabilitas Publik (SAK-ETAP). *Majalah Ekonomi* ISSN No. 1411-9501 Vol. XX No. 2 Desember 2016. Universitas Muhammadiyah Surabaya. Surabaya.
- [2]. Firdayanti, F., Diana N., dan Junaidi. 2020. Pengaruh Akuntansi dan Kepribadian Wirausaha Terhadap Kinerja Manajerial (Studi Pada UMKM Batik Tulis Kabupaten Probolinggo). *E-JRA* Vol. 09 No. 2 Februari 2020. Universitas Islam Malang.
- [3]. Fitriastuti, T. dan Sari, D. M. 2017. *Dasar Akuntansi Pemahaman Konsep dan Praktek*. Mulawarman University Press. Samarinda.
- [4]. Galantika, F. I. dan Siswantaya, I. G. 2016. Analisis Perbedaan Earnings Response Coefficient (ERC) Sebelum dan Setelah Adopsi IFRS pada Perusahaan yang Tercatat dalam Bursa Efek Indonesia. Universitas Atma Jaya Yogyakarta. Yogyakarta.
- [5]. Ghozali, I. 2016. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 23*. Badan Penerbit Universitas Diponegoro. Semarang.
- [6]. Hani, S. dan Fauzi, Z. 2017. *Persepsi Pelaku UKM Terhadap Penyelenggaraan Laporan Keuangan*. Universitas Muhammadiyah Sumatera Utara. Sumatera Utara.
- [7]. Hutauruk, M. R. 2017. *Akuntansi Perusahaan Jasa*. Indeks. Jakarta
- [8]. Ikatan Akuntan Indonesia. 2016. *Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah*. Salemba Empat. Jakarta.
- [9]. Jusup, Al Haryono. 2011. *Dasar-dasar Akuntansi*. Jilid 1 Edisi 7. STIE YKPN. Yogyakarta
- [10]. Kasmir. 2017. *Analisis Laporan Keuangan*. PT Rajagrafindo Persada. Jakarta.
- [11]. Lestari, N. L. W. T. dan Dewi, N. N. S. R. T. 2020. Pengaruh Pemahaman Akuntansi, Pemanfaatan Sistem Informasi Akuntansi dan Sistem Pengendalian Intern Terhadap Kualitas Laporan Keuangan. *STIE Triatma Mulya Badung*. Bali.
- [12]. Martani, D., Siregar, S. V., Wardhani, R., Farahmita, A. dan Tanujaya, E. 2016. *Akuntansi Keuangan Menengah Berbasis PSAK*. Salemba Empat. Jakarta.
- [13]. Mubiroh, S. dan Ruscitasari, Z. 2020. Implementasi SAK EMKM dan Pengaruhnya Terhadap Penerimaan Kredit UMKM. Universitas Nahdlatul Ulama Yogyakarta. Yogyakarta.
- [14]. Pratiwi, N. B. dan Hanafi, R. 2016. Analisis Faktor yang Mempengaruhi Penerapan Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik (SAK ETAP) pada Usaha Mikro Kecil dan Menengah (UMKM). *Jurnal Akuntansi Indonesia* Vol. 5 No. 1 Januari 2016. Universitas Semarang. Semarang.
- [15]. Rahmawati, A., Mustika, I. W. dan Eka, L. H. 2018. Pengaruh Penerapan Standar Akuntansi Pemerintah, Pemanfaatan Teknologi Informasi, Dan Sistem Pengendalian Intern Terhadap Kualitas Laporan Keuangan SKPD Kota Tangerang Selatan. *Jurnal Ekonomi, Bisnis dan Akuntansi (JEBA)* Vol. 20 No. 2 tahun 2018. Universitas Jendral Soedirman. Purwokerto.
- [16]. Suci, Y. R. 2017. Perkembangan UMKM (Usaha Mikro Kecil Menengah) di Indonesia. *Jurnal Ilmiah Cano Ekonomos* Vol. 6 No. 1 Januari 2017. Sekolah Tinggi Ilmu Ekonomi Balikpapan. Balikpapan.
- [17]. Sugiyono. 2017. *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. PT. Alfabet. Bandung.
- [18]. Sugiyono. 2018. *Metode Penelitian Kuantitatif, Kualitatif dan R&D Ke-26*. PT. Alfabet. Bandung.
- [19]. Sujarweni, V. W. 2019. *Akuntansi UMKM (Usaha Mikro Kecil Menengah)*. Pustaka Baru Press. Yogyakarta.
- [20]. Triyuwono, E. 2018. *Proses Kontrak, Teori Agency dan Corporate Governance*. Universitas Atma Jaya Makassar. Makassar.
- [21]. Ula, N., & Nawirah, N. 2020. Implementasi SAK Syariah Dalam Laporan Keuangan Koperasi Pengkreditan Rakyat Syariah (KPRS). Universitas Islam Negeri Maulana Malik Ibrahim. Malang.