



Analysis Of The Level Of Understanding Of MSME Actors Towards SAK-EMKM Along The University Of North Sumatra Road From Door 1 To Door 4

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Abstract: This study aims to determine the degree of interpretation of Micro, Small, and Medium Enterprises (MSMEs) compared to the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) and analyze its application. This information was obtained from a survey of 168 MSME respondents on Jalan Universitas North Sumatra (doors 1–4). The findings of the study show that most MSMEs do not understand the SAK EMKM, with 90% of respondents not knowing the standards and 84 respondents answering "Very ununderstanding." This is mainly due to a lack of accounting literacy, the belief that financial records are inaccurate, and a lack of awareness of resources. The findings of the study show that substantial socialization and education are needed for MSMEs to help, make clear budget reports in accordance with standards, increase transparency, provide access to financial resources, and support regional economic growth.

Keywords: MSMEs, SAK-EMKM, Accounting, Financial Statements, Accounting Literacy.

Introduction

Indonesia's Micro, Small, and Medium Enterprises (MSMEs) are an important part of the national economy. Not only MSMEs create jobs, but also contribute to GDP and all economic sectors. Through a series of policies implemented by the Indonesian government, a more significant thing is the creation of the MSME Financial Application System (SAK EMKM). SAK EMKM was created by the Indonesian Institute of Accountants (IAI) to help small and medium enterprises (MSMEs) make simple and easy-to-understand financial reports.

However, SAK EMKM aims to make it easier for small and medium enterprises (MSMEs) to process financial statements transparently and in accordance with accounting. However, there are still many of them who do not fully understand or use the guidelines. SAK EMKM can be used as a guideline for the presentation of financial statements. This can help small and medium enterprises (MSMEs) obtain financing from bankers and serve as a useful tool to evaluate the effectiveness of their businesses. Micro, Small and Medium Enterprises (MSMEs) were established because they have an extraordinary ability to influence the economic activity of the population and strategically transform population

resources in the direction of better health.

Therefore, the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) were released following the progress of MSMEs in presenting their financial statements. Therefore, with the adoption of this accounting standard, we can see past achievements and prospects for the management of micro, small, and medium enterprises (MSMEs) in the future. The goal is that both the management and the MSME members themselves must be able to trust and move forward with full confidence. After the implementation of SAK EMKM, many people expressed their satisfaction with the effectiveness, efficiency, convenience and utility of this new standard.

From along the road of the University of North Sumatra from door 1 to door 4, researchers found that some small and medium entrepreneurs (MSMEs) have never used an accounting system. Although by using an accounting information system in their business, it will be much easier for them to manage their finances. This is because small and medium business owners (MSMEs) do not understand or do not know how important accounting records are in their businesses. In addition, they consider accounting management in their business very difficult. As a result, many small and medium entrepreneurs (MSMEs) do not distinguish between capital and profits. Many entrepreneurs do not know whether their business is profitable or detrimental because they combine income with capital.

Table 1.

Number of Enterprises, Micro, Small and Medium Enterprises (MSMEs)

No	TYPE OF BUSINESS	TOTAL EFFORT
1	Wisnu's Grandma Fried	1
2	Wisnu's Grandma Fried	1
3	Tofu Walik Harun Halim	10
4	Prancing Chicken	1
5	Egg Rolls	1
6	Jumbo Iced Tea	2
7	Mochi Daifuku	2
8	Grilled Meatballs	2
9	Mentai dim sum	3
10	Spicy dumplings	1
11	Cheese Banana	1
12	Durian compote ice	12
13	Siomay	10
14	Salad	2
15	Satay	2
16	Sugar cane ice	1
17	Soup Meatballs	8
18	Tea Pot	1
19	Tofu Sumedang	5
20	Buns	1
21	Fruit Soup	8

Source : Interview data 2023-2024

This the first data table based on MSMEs along the University of North Sumatra road from door 1 to door 4, this is also a survey that represents MSMEs for certain sectors, some of which have been registered on the University of North Sumatra route from door 1 to door 4. From the results of a survey on the number of micro, small and medium enterprises (MSMEs), there are still many who do not know about the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM).

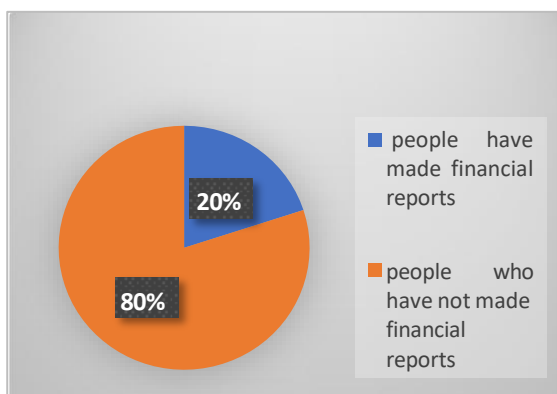
To obtain information about the principles of financial reporting and its application to MSME actors, a survey method is used, which is a representative representation of certain MSME actors. This activity can be found along the University of North Sumatra road from door 1 to door 4 as many as 20 MSME actors (28.27%).

The answer data from the respondents is found in Appendix 3.

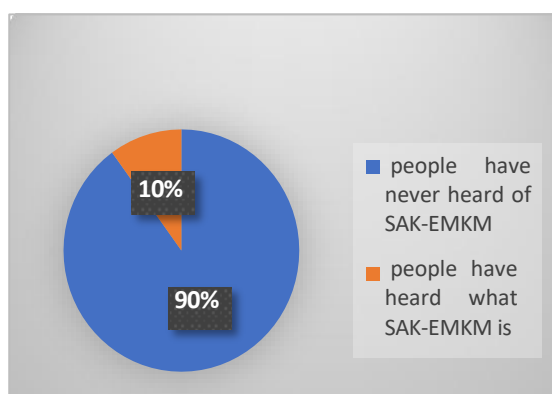
One of the questions in this survey is:

1. Have you checked the financial statements?
2. Have you joined SAK-EMKM?
3. Have you prepared financial statements in accordance with SAK-EMKM?
4. Can you read financial statements?
5. Are you ready to create financial reports for your own business?

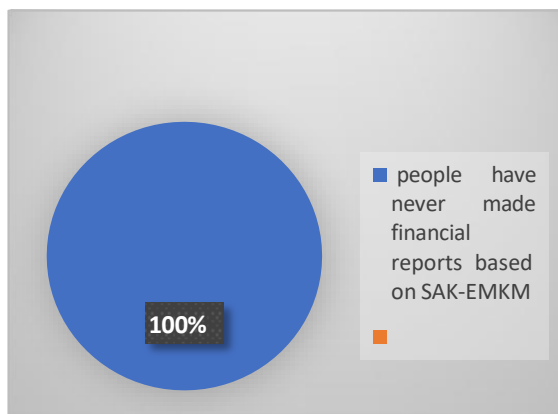
We summarize the results of the survey as follows:



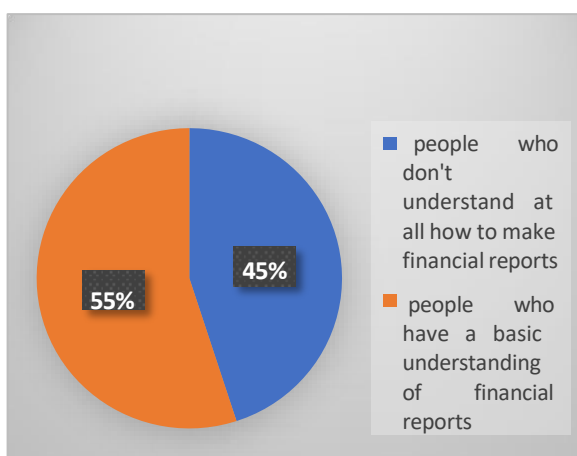
20% of respondents who know about MSMEs said that they have made a very basic report on the financial state of their company before, even though 80% of respondents did not make financial statements for their business.



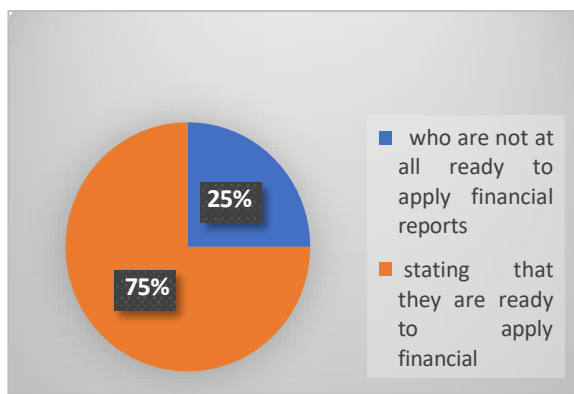
90% of people who own MSMEs admit that they don't know about SAK-EMKM. On the other hand, 10% say that they have heard of it, but they do not understand it thoroughly and precisely.



100% of MSMEs admit that they do not make financial



55% of MSME respondents said they did not understand the financial report as a whole, while 45% said they understood the report as a whole.



75% of MSME workers want to implement financial statements in the hope of informing others about transparency standards. In contrast, 25% of MSME workers are very hesitant to implement financial statements in their business.

Figure 1
MSME Survey Graph 2023-2024

From the survey results, various manifestations were identified: First, most MSME actors do not know the term "Financial Accounting Standards for Micro, Small, and Medium Entities" (SAK EMKM). The purpose of SAK EMKM is to make it easier for MSME owners to calculate financial statements related to company reports accurately and correctly. On the other hand, only a small number of people have used the report, and some MSMEs have not implemented it.

In addition, MSMEs often experience difficulties in carrying out their activities, hindering their progress. MSMEs in Indonesia pose four main problems. First, problems in making budget reports, because MSMEs are still experiencing difficulties due to their lack of expertise in accounting and financial reporting as well as applicable standards. Second, there are problems related to permodality, which is caused by the low reliability of banks and non-banks in terms of the ability to repay loans. This can be seen through financial information that is considered unreliable. This makes loan accessibility even more difficult. Third, problems that arise along with the advancement of technology, and fourth, problems that arise related to the promotion of goods or services within the framework of MSMEs. When the current financial rules are implemented, there is uncertainty among MSME partners, causing many things that are not right.

Research Objectives

Identify the level of understanding of MSME actors along the University of North Sumatra road from door 1 to door 4 towards SAK EMKM and Analyze the obstacles faced by MSME actors in the implementation of recording and financial reporting according to the standards of MSME actors to implement financial reports based on SAK EMKM and identify the need for socialization to increase understanding and application of these standards.

Methodology

Theoretical Foundations

UMKM

MSMEs are now an important part of Indonesia's economic system. The reason is, MSMEs are company units that are larger in size compared to large-scale industrial companies. Its characteristics are their ability to attract more labor and accelerate the process of Equity as part of development. According to Halim (2020:18), Micro, Small and Medium Enterprises (MSMEs) are companies that sell goods and services and mostly focus on the use of national resources as well as handicrafts and art businesses in traditional areas. The general characteristics of MSMEs are the ease of procurement of raw materials, the use of simple technology, and the ease of processing other technologies. These basic skills are usually already present or even in childhood and the exchange of technology is vast, the market is vast and offers a wide variety of export opportunities. Certain sectors have certain characteristics so that MSMEs have an important role in the country's economic development. MSMEs play a role not only in increasing the rate of economic growth and creating the workforce, but also in distributing the results of economic development.

SAK-EMKM

The Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) was established by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI) on October 24, 2016 and effective from January 1, 2018, this standard is made to provide the necessary reports on the financial condition of micro, small, and medium enterprises (MSMEs). IAI Micro, Small and Medium Entities (EMKM) referred to in SAK EMKM (2018) are entities that do not show public accountability. It is important to establish specific definitions and criteria regarding situations in the micro, small, and medium sectors, in accordance with the Indonesian legal system, and valid for at least two years.

SAK EMKM is a widely used calculation method, it is an easy bill because it includes transactions that are often handled by EMKM. The implementation of MSMEs is solely based on the use of historical costs (Indonesian Institute of Accountants, 2018) in accordance with the SAK ETAP regulations and the standards outlined in Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs), the standard financial system is an independent system that can be used by the business world to run its business without having a public legal account. Based on the ranking, it can be concluded that SAK EMKM was established by the Indonesian Institute of Accountants in order to help EMKM in Indonesia, this allows them to easily make financial statements. Therefore, it can be a guideline for MSMEs in various fields of financial reporting and the introduction of SAK EMKM can help MSMEs gain access to financial institutions or investment funds. The preparation of Financial Statements plays an important role in achieving the operational success of housing, commerce, and commercial enterprises (MSMEs) businesses.

Financial statements can be the basis for economic decision-making in operational activities, such as the development of price indices, price penetration, and others, this is because financial statements can be used as a guideline to monitor or plan future actions so that financial statements can be used to raise funds for creditors. According to the Balance Sheet, Profit/Loss Statement, Capital Change Report, Cash Flow Statement and Notes on Financial Statements, a company's financial condition statement is information compiled during the it serves to show the financial situation of a company.

SAK-EMKM Financial Report

To increase the operational profitability of Housing, Commerce, and Commerce (MSMEs) businesses, the preparation of financial statements is very important, financial statements can be used as a basis for economic decision-making in operational activities (e.g. index price development, penetration price, etc.), because it can be a guide for planning or planning future actions. Financial statements can also be used to collect credit data and financial records made by a particular company in a certain period of time. They are used to show the company's financial performance to third parties during the decision-making process, this includes balance sheets, profit/loss, changed capital, cash flows, and financial records and statements.

The methodology includes a series of principles, procedures, and techniques used to organize the research process so that the results obtained are valid and accountable. The type of research determines that the research is qualitative (for example, interview or observation analysis). This approach focuses more on understanding the phenomenon in depth through observation, interviews, or case studies.

Data Collection Techniques used to collect information, such as:

- I. Observation
- II. Interview/ Questionnaire
- III. Documentation

Data Analysis Techniques

MSMEs were given a series of questionnaire questions with five possible answers to assess their understanding of the ability to implement MSMEs in relation to the importance of Accounting and SAK EMKM along Jalan Universiti Sumatra Utara from door 1 to door 4, namely:

1. Very Understanding : 5
2. Understand : 4
3. Netral : 3
4. Dont undersatnd : 2
5. Very incomprehensible : 1

Sum of scores for each statement = (TxPn)

Where:

T= Scale likert

Pn= Number of respondents who chose the answer

Next, the highest score (criterion) (x) is determined first with the formula:

$X = \text{highest scale of likert} \times \text{number of respondents}$

Once the criteria are established, the chances for a general percentage reaction can be calculated as follows:

$$P = \frac{\text{Total score}}{X} \times 100\%$$

(source: sugiyono, 2012)

Declares:

P = Percentage

X = critial score in the study

Furthermore, qualitative classification is carried out by the researcher, a classification that is based on the following criteria:

SAK-EMKM

- Respondents are very understanding = 0
- Respondents Understand = 15
- Respondents Netral = 35
- Respondents Don't Understand = 34
- Respondents Strongly Do Not Understand = 84

Score Calculation

$$\begin{aligned}
 \text{Very Understanding} &= 0 \times 5 = 0 \\
 \text{Understand} &= 15 \times 4 = 60 \\
 \text{Netral} &= 35 \times 3 = 105 \\
 \text{Don't understand} &= 34 \times 2 = 68 \\
 \text{Very incomprehensible} &= 84 \times 1 = 84 \\
 &= 317
 \end{aligned}$$

This research is a qualitative research with a descriptive style, qualitative research refers to a method in which data is presented descriptively in the form of written or oral representations of people and behaviors. Data collection was carried out by sending questionnaires to respondents, especially MSMEs at the University of North Sumatra starting from door 1 to door 4. The data collected using primary data, this assistance is provided through customers and forwarded directly to MSMEs. The statements in the questionnaire use the answer choices with Very Not Understanding (STP), Not Understanding (TP), Neutral (N), Very Understanding (SP) and Understanding (P) used in the Questionnaire. To determine the respondent's assessment of a certain object, the scores are summed up and then the average score is searched. The average score is generated from the sum of the scores of each scale multiplied by their respective frequencies. The total result is then divided by the number of samples or the total frequency.

$$P = \frac{317}{15} \times 100\% = 21,13\%$$

$$P = \frac{21,13}{20} \times 100\% = 1,056\%$$

Percentage	Criterion
1%-1,80%	Very incomprehensible
1,81%-2,61%	Don't Understand
2,62%-3,41%	Netral
3,42%-4,21%	Very Understanding
4,22%-5,01%	Understand

Table 2.

Based on the research, MSMEs have an average percentage of 1.056% for the understanding of SAK EMKM along Jalan Universiti Sumatra Utara from door 1 to door 4, this shows how low the level of MSMEs understanding of SAK EMKM in the region is.

Results And Discussion

Along the road of the University of North Sumatra from door 1 to door 4, this study will compare the penetration rate of Micro, Small, and Medium Enterprises (MSMEs) actors compared to the Financial Accounting standards of Micro, Small, and Medium Entities (SAK-EMKM) examined. The survey results show that most MSMEs, namely 90%, do not know about SAK-EMKM, and only 10% have heard of it but have not fully understood it. The advantage of this assumption results in inconsistencies in financial data, thereby reducing operational efficiency and 100% of respondents do not use SAK-EMKM in their financial statements. The standard aims to simplify the financial reporting process so that MSMEs can increase transparency, sharpness and access to financial institutions. From this situation, it can be concluded that there needs to be intensive socialization and training regarding SAK-EMKM.

Lack of accounting knowledge is also an important problem, there are 84 people who stated that they "do not understand" financial statements, while only 15 people who stated that they "understand". This shows the need for a better understanding of the legal basis of accounting, especially those related to the recognition of capital, income, and expenses. Problems like this often result in MSMEs not being able to generate capital or profit margins. Therefore, it is impossible to evaluate this initiative positively because in addition to the difficulty of understanding, the researcher also identified other structural problems that hinder MSMEs, such as limited access to financing sources and capital opportunities as well as a lack of information about finance that makes it difficult for banks to provide loans. On the other hand, adaptation problems and technology support initiatives are also obstacles that hinder the growth of MSMEs in the digital era.

The researcher suggests implementing a comprehensive and sustainable education program within the framework of SAK-EMKM to overcome these challenges. To provide easy-to-understand accounting training and provide access to resources for effective and affordable digital reporting, governments, educational institutions, and nonprofit economic small and medium-sized enterprises (MSMEs) must collaborate. By using SAK-EMKM, MSMEs obtain benefits such as better access to financial services, more accurate company performance assessments, and a boost to regional economic growth.

Based on the results of the research, there is a very low understanding of SAK EMKM and accounting theory among MSMEs along the road of the University of North Sumatra. Of the 168 respondents, the total score obtained was 317, with an average percentage of 21.13%. The classification of the results showed that the majority of respondents, namely 84 people, felt "Very Uncomprehensible", while only 15 respondents felt "Understood". This reflects the lack of accounting literacy among MSME actors, which can hinder their access to financing and business development.

It indicates that the low understanding of SAK EMKM has the potential to hinder the growth of MSMEs. SAK EMKM is designed to simplify the financial reporting process for MSMEs, but many business actors do not understand the importance of recording financial statements. Socialization and training on SAK EMKM need to be improved so that MSME actors can take advantage of this standard to increase transparency and accountability of their businesses. Thus, a better understanding of accounting will support local economic growth and access to capital.

Conclusion

The level of understanding of SAK EMKM Most MSME actors along the University of North Sumatra road from door 1 to door 4 have a low level of understanding of the financial accounting standards for Micro, Small, and Medium Entities (SAK EMKM). Based on the survey, the majority of respondents (90%) are unaware of this standard, while the rest have only heard of it without a deep understanding. The main obstacles to the implementation of SAK EMKM are the lack of knowledge, limited resources, and the perception that financial recording is complicated and unnecessary. This causes less effective financial management and has an impact on business decision-making. So, the importance of SAK EMKM in this standard is expected to help MSMEs in compiling simple financial statements in accordance with accounting principles, so that they can increase access to financing, improve business performance evaluation, and support business growth in the future.

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