

The importance of accounting, quality of financial statements, and implementation of “Financial Accounting Standards for Entities Without Public Accountability (*SAK ETAP*)” on SME fostered by PT. Telkom TBK

M. Afif*¹, Sri Mulyani¹

¹Department of Accounting, Faculty of Economics and Business, Padjadjaran University, Indonesia

*Corresponding author

ABSTRACT

Small and Medium Enterprises (SME) sector is the shaft revival of the national economy, but SME sector still has problems. One of the problems faced and also become a weakness of SMEs is the implementation of accounting in accordance with SAK ETAP which has an important role in providing information about the effectiveness and efficiency of business activities. This study aims to analysis the determinants of the perception of the importance accounting and SAK ETAP implementation on SMEs. This research was conducted through a qualitative research approach with the principal object of research in SMEs fostered by PT Telekomunikasi Indonesia Ltd in Bandung. The data collection of this study is using the methods of literature study, observation, and interviews with respondents. Data analysis techniques used in this research is descriptive analysis, which describe the data that is collected into sentences that have deeper meaning. The results showed that the perception of entrepreneurs for the accounting has been quite good, only hampered by lack of knowledge of accounting standards. The research result also display symptoms that education background, length of business, size of business, attitude, subjective norm, behavioral control, interest and understanding of employers over the standard into the determinants of the perception of the importance of accounting and SAK ETAP implementation on SMEs.

Keywords: Small Medium Enterprises (SMEs), SAK ETAP, Financial Statements.

INTRODUCTION

The role of Small, Micro and Medium Enterprises (SMEs) for the Indonesian economy shown to contribute a large and dominating the business world. Urata in Ediraras (2008) divides the position of SMEs as (1) a major player in economic activity in various sectors, (2) provision largest employer, (3) a significant player in the development activities of regional economic and community development, (4) the creators of new markets and innovation.

SMEs can make adjustments right away and always survive. However, the achievements and the enormous potential of SMEs are often constrained by the classic problems of low productivity, among others, the difficulty of access to capital, technology and information, and the low quality of human resources. One problem that is often overlooked by businesses is financial management of SMEs. The impact of the neglect of financial management may not be seen clearly, but without the financial management in the form of record-keeping, accounting and financial reporting that will either hinder the prospects of success of SMEs. Another problem that may follow if SMEs ignore its financial management is the difficulty of access to capital from bank loans. Bank Indonesia Regulation Number 14/22 / PBI / 2012 chapter 5, in giving credit or financing SMEs, commercial banks require debtor information system form of financial statements provided by SMEs. With adequate accounting then SMEs can meet the requirements in the credit of the filing of financial statements, evaluating performance, knowing the financial position, calculate tax and other benefits (Warsono, 2010). However, the limited knowledge of

accounting, the complexity of the accounting process and the perception that the financial report is not essential for SMEs to make the implementation of accounting and preparation of financial statements is difficult for SMEs. Other limitations faced by SMEs are lack of human capital who has educational background in accounting and a lack of sufficient funds to hire an accountant or buy accounting software to facilitate the implementation of accounting and preparing financial statements.

Table 1. The Results of Pre-Survey of SMEs in Bandung

Results of pre-survey on some SMEs in Bandung also showed that the majority of employers have been implementing the accounting, as documented evidence of transactions electronically or manually such as vouchers, receipts, invoices and only make bookkeeping transactions simple, that is the new 77% (27 respondents)

A total of 23% (8 respondents) did not do the bookkeeping. Of the 77% that not all components of the financial statements generated and compiled regularly by SMEs. The majority of components of the financial statements prepared is the Income Statement and Cash Flow Statement. Some respondents prepare Statements of Financial Position (Balance Sheet), and only one respondent who compiled Statement of Changes in Capital.

Previous research conducted by Grace (2003) showed that the education background have the most significant effect, while the company's age is not a relatively large influence on the use of accounting information. Furthermore, research conducted by Rizki and Sylvia (2013) indicate that the size factor positive effect on the implementation of business accounting, however it negatively affect businesses. While the educational background did not prove significant. Rosadi (2011) find that the things that constrain financial statements included a lack of knowledge about the owners of SMEs accounting standards, the perpetrators of SMEs consider that prepare financial statements according accounting standards too complicated and there is no separation between money and personal finance business money.

Based on the explanation and the pre-survey on the state of the Micro, Small and Medium Enterprises, the researchers tried to do similar research in SMEs assisted from PT Telekomunikasi Indonesia (TELKOM) is based on the data in 2015. The selection of Bandung based on the consideration that there are many centers industrial and SME units active in the area. Selection of the data in

2015 was intended to know the actual situation of SMEs with the most relevant data is.

However, based on the data and the distribution of SMEs associated PT Telkom in Bandung obtained by researchers, the concentration of business group the partners are in the small business group. Meanwhile, a group of medium-sized and micro enterprises are very few, so it becomes less representative to do research on the business groups. Therefore, the focus of researchers to conduct research on the phenomenon of accounting is to small business groups.

Based on this, it is interesting to do research on the determinants that affect the importance of the quality of accounting and financial reports as well as the prospects for the implementation of *Financial Accounting Standards for Entities Without public accountability* (SAK ETAP) on Small Business partners fostered by PT Telekomunikasi Indonesia in Bandung.

Based on the above phenomenon, the issues to be studied are as follows;

1. What are the perceptions of small business employer groups fostered by PT TELKOM related to accounting and financial reporting in accordance with SAK ETAP
2. What factors are decisive importance of the quality of accounting and financial reports as well as the implementation of ETAP SAK for small businesses fostered by PT TELKOM

METHOD

This research used descriptive research with a qualitative analysis approach that describes the data collected into sentences has a deeper meaning, because it accurately depict the individual, the state, symptoms, or certain groups, in order to determine the relationship between the frequency of their symptoms with other symptoms.

Data collection technique

There are three direct data collection techniques used in this study, observation, interview, documentation / literature.

Data analysis technique

Figure 1. Interactive Model of Analysis (Sugiyono: 2013)

Table 2. Qualitative Research Instruments - Guidelines and Empirical Indicators

RESULTS

Summary of Descriptive Discussion

Table 3. Summary of Descriptive Discussion

The Analysis of the Findings

Observations and Interviews

1) Employers Attitude

The results obtained by researchers in-depth observation and interviews related to the attitude of entrepreneurs of SMEs in Bandung to the perception of the importance of accounting and financial statements, 84/120 or 70% of SMEs' Entrepreneurs describe that attitude is good enough, the existing mindset and attitude demonstrating that accounting is a financial information needs for the sustainability of their businesses.

2) Subjective Norms Entrepreneurs

In connection with the subjective norm SME entrepreneurs in the city of Bandung on the perception of the importance of accounting, the results of observations and interviews conducted by the researchers showed that 63/90 or 70% of SMEs describe Subjective Norms Entrepreneurs SMEs are good enough, had no influence on the behavior / views of others that encourage or motivate their own perception of the importance of accounting and financial reporting for business continuity.

3) Control of Entrepreneur Behavior

For matters that affect the control behavior of the SME entrepreneurs in the city of Bandung on the perception of the importance of accounting, the results showed 60/120 or 50% of SMEs, influenced by the lack of knowledge and financial capabilities.

4) Interest of Employers

The interest of Entrepreneurs (SMEs) in Bandung to the perception of the importance of accounting and financial statements, based on observations and interviews conducted by the researchers showed that 81/90 or 90%, of Entrepreneurs' Interest is high, as evidenced by the magnitude of they will implement their interest to carry out accounting and reporting finances for business continuity.

5) Understanding Accounting Standards By Employers

Standards relating to the level of understanding by entrepreneurs of MSMEs in Bandung to the perception of the importance of accounting and financial statements, based on observations and interviews conducted by the researchers showed

32/90 or 35.56%, is still low. The majority of them are not aware of any financial accounting standards which serve as guidelines in the preparation of financial statements for entrepreneurs SMEs, which SAK ETAP. Poor understanding of the course will have implications for the prospects of implementation of SAK ETAP on SMEs.

DISCUSSION

1) For SMEs

For SMEs, both for those who already know SAK ETAP or completely do not know, should be more understanding and use of accounting information. By applying appropriate accounting SAK ETAP, the Vendor can present good financial statements, so that access to banking has become younger.

2) For the Government / Institutions / Corporate Partner SMEs

Government / Institutions / Corporate Partners SMEs can help SMEs to provide training in the preparation of financial statements in accordance with GAAP ETAP ensure that owners of SMEs better understand the SAK ETAP. The government can also issue business license regulations that require MSMEs to apply SAK ETAP.

3) For Further Research / Observer SMEs

Expected for further research are not fixated on six factors in this study. However, further research is expected to add other factors that may affect the use of accounting information, such as family background, gender or age of the owners of SMEs.

CONCLUDING REMARK

Based tabulation arithmetic average (mean) on the perception of the importance of accounting to 70%, the general perception of small business groups fostered by PT Telkom in Bandung on accounting and financial reporting in accordance with SAK ETAP is good enough. Evident of attitudes, subjective norms and behavioral control are already quite good, as well as high interest to carry out accounting for the advancement and business continuity.

But the lack of knowledge and understanding of accounting standards entrepreneurs still low at only 35.56%. Therefore, the need for increased knowledge and understanding of employers to be able to compensate for the perception of those who are good enough related to accounting and financial reporting in accordance with SAK ETAP.

Conclusions to answer the Problem Identification No. 2 that the determinants of the importance of accounting and financial statements in accordance with GAAP ETAP for small businesses fostered by PT TELKOM are:

- 1) History (Education Study Newsletter Owner, Old Enterprises)
Entrepreneurs who have a high education level final and / or age of the firm longer, tend to have a better assessment of the importance of appropriate accounting and reporting standards, and vice versa.
- 2) Attitude Entrepreneur
Employers who have a good attitude, tend to have a better assessment of the importance of appropriate accounting and reporting standards. And vice versa.
- 3) Subjective Norms Entrepreneurs
Employers who have a good subjective norm, tend to have a better assessment of the importance of appropriate accounting and reporting standards, and vice versa.
- 4) Control Behavior Entrepreneurs
Entrepreneurs who have good behavior controls, tend to have a better assessment of the importance of appropriate accounting and reporting standards. Otherwise.
- 5) Interest Entrepreneurs
Employers who have a high interest, tend to have a better assessment of the importance of appropriate accounting and reporting standards, and vice versa.
- 6) The level of understanding of SAK ETAP Top Employers
Entrepreneurs who have a good understanding of accounting standards, tend to have a better assessment of the importance of appropriate accounting and reporting standards, and vice versa.

ACKNOWLEDGEMENT

Author would like to thank all of the parties who have provided support to the authors throughout the research and writing process.

REFERENCE

Ajzen, Icek. 1991. *The Theory of Planned Behavior*. Journal of Organizational Behavior and Human Decision Processes, Vol. 50.

Are, Waskito. 2012. *Analysis of Relationship Study and Educational Background SME Entrepreneur Of Perception Application of Accounting On MSMEs*. Journal of Economics and Business.

Arrindi. 2014. *Interest Actors SMEs To Prepare Financial Statements: Application Theory of Planned Behavior*. Journal of Economics and Business.

Audretsch, David B and Elston Julie A. 1997. *Financing the German Mittelstand*. Small Business Economics 9: 97-110.

Aufar, 2013. *Factors Affecting the Use of Accounting Information on SMEs (Survey on Company Partner PT. PLN (Persero))*. Widyatama University.

Baas, Timo and Mechthild Schrooten. 2006. *Relationship Banking and SMEs: A Theoretical Analysis*. DIW-Diskussionspapiere, No. 469.

Bank Indonesia. 2012. *Bank Indonesia Regulation No. 14/22 / PBI / 2012 on Lending Or Financing by Banks and Technical Assistance in the Context of Development of Micro, Small and Medium Enterprises*.

Behr, Patrick. 2010. *How do Lending Relationships Affect Access to Credit and Loan Conditions in Microlending*. Working Paper.

Belkaoui, Ahmed Riahi. 2006. *Accounting Theory*. Jakarta: Four Salemba.

Bungin, Burhan. 2009. *Qualitative Research Communications, Economics, Public Policy, and other Social Sciences*. Jakarta: Kencana Prenada Media Group

Central Bureau of Statistics. 2014. *Table Development of SMEs in the period 1997-2012*. Available at: <http://www.bps.go.id/index.php/linkTabelStatis/1322> (accessed September 2015).

Ediraras, Dharma T. 2008. *Accounting and Performance of SMEs*. Journal of Business Economics Vol. 15, No. 2, august 2010.

Financial Accounting Standards Board. 2009. *Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik*. Jakarta: Indonesian Institute of Accountants.

Jogiyanto. 2007. *Behavioral Information Systems*. Yogyakarta: Andi.

Kieso, Weygandt, and Kimmel. 2011. *Financial Accounting, IFRS Edition*. United States of America: Wiley.

Kirschmanmann, Karolin and L. Norden. 2007. *The Relation between borrower Risk and Loan Maturity in Small Business Lending*. Working Paper.

Mac an Bhaird, Ciaran and B. Lucey. 2008. *Determinants of Capital Structure in Irish SMEs*. MPRA Paper No. 62370. Available at: <http://mpra.ub.uni-muenchen.de/62370/> (accessed September 2015)

Ministry of Finance. 2015. *The Important Role of SMEs Push Indonesian Economy*. Available at: <http://www.kemenkeu.go.id/Berita/> (accessed September 2015)

Moleong, Lexy J. 2009. *Qualitative Research Methodology*. Bandung: PT Youth Rosdakarya Offset.

Republic of Indonesia. 2008. Law of the Republic of Indonesia No. 20 Year 2008 on Business Micro, Small and Medium Enterprises.

Rudiantoro, Rizki and Sylvia Veronica Siregar. 2012. As well as the quality of financial statements of SMEs Implementation Prospects SAK ETAP. Journal of Accounting and Finance Indonesia Vol. 9, No. 1, June 2012.

Salmiah, Inova Fitri N. and S. 2015. Analysis of Application of Standar Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik . Journal of Accounting, Vol. 3, No. 2, April 2015: 212-226.

Satori, Djaman and Aan K. 2011. Qualitative Research Methodology. Bandung: Alfabeta.

Sixpria, Nedsal. 2013. Eyaluation of the Implementation of Standar Akuntansi Keuangan Entitas Tanpa

Akuntabilitas Publik (SAK ETAP) and the Audited Financial Statements On the Micro, Small and Medium Enterprises (SMEs). Journal of Economics and Business, Vol 12, No. 1 June 2013: 55-64.

Solovida, Grace Tianna. 2003. Analysis of Factors Influencing the Preparation and Use of Accounting Information On Small and Medium Enterprises in Central Java. Thesis. Diponegoro University.

Sugiyono, D. 2013. Research Methods. Bandung: CV Alfabeta

Zahri, Rihan Mustafa. 2014. Factors Influencing Perceptions Employers About Importance of Financial Reporting to the number of credits and Prospects of Implementation SAK ETAP, (Empirical Study on SMEs in Boyolali, Surakarta: Surakarta Muhammadiyah University.

Table 1. The Results of Pre-Survey of SMEs in Bandung

Business Group	Total	Business Type	Total	Owner	
				Formal Education	Total
Micro	24	Trade (Purchase)	15	SMA/SMK	19
Small Business	10	Manufacturing (Production / Craft)	17	S-1	9
Medium Business Services	1	Other	2	S-2	0
		Other	1	Other	7
Jumlah					35

Bookkeeping Implementation	Fequency of Financial Reporting		Components of Report Bookkeeping Implementation		
	Total	Reporting	Total	Total	
Yes	27	Yes, Routin	19	Balance Sheet (Financial Position)	6
No	8	No, regular	8	Income Statement	14
				Statement of Changes in Capital	1
				Cash Flow Statement	10

Source: Data Collected

Figure 1. Interactive Model of Analysis (Sugiyono: 2013)

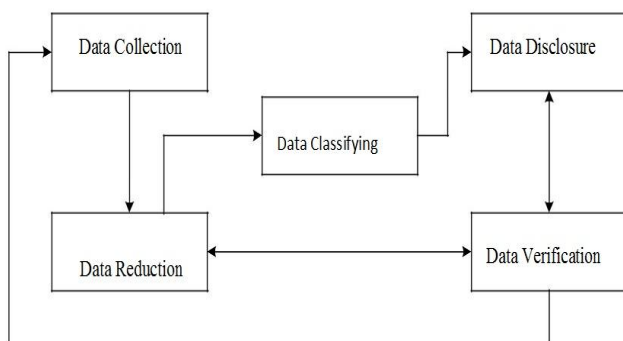


Table 2. Qualitative Research Instruments - Guidelines and Empirical Indicators

Variable	Definition	Empirical Indicator
History	History is a description of everything have experienced (run). In this study, namely education last, old business, and scale business (Aufar, 2013)	<ol style="list-style-type: none"> 1) Qualification high has a role on the importance of an accounting information 2) The more mature age, the effort will have a role on the importance of information accounting 3) The complexity of the business based on the scale of business has role in the use of a accounting information
Attitude	Attitude is the tendency of individual behavior which is a positive or negative evaluation to people, objects, events, and certain ideas, in many situations the attitude control behavior individual because the attitude is closely related to behavior (Ajzen, 1991)	<ol style="list-style-type: none"> 1) The financial statements have important role to obtain information regarding the financial position company 2) The financial statements can be assist in the development of business 3) The financial statements are one of the tools used management to face business competition 4) Make a financial report not work wasting time
Norm subjective	Perception or one's view beliefs that will affect interest to do or not do a behavior (Ajzen, 1991)	<ol style="list-style-type: none"> 1) Other Employers already use financial statements 2) Employers others suggest use financial statements to develop business 3) trained partners for SMEs suggest reports For financial help to obtain additional capital
Control Behavior	As the perceived ease or difficulty to perform the behavior / use reports finance (Ajzen, 1991)	<ol style="list-style-type: none"> 1) Can search employees can help create reports financial support business development 2) Being able to hire experts to help create reports finance 3) There will be difficulties in making financial reporting 4) There will be difficulties in understand financial statements
comprehension Standard Accounting	The understanding is something that we understand and we understand correctly. Connection in this study is the	<ol style="list-style-type: none"> 1) Never heard or follow socialization of accounting standards 2) Describe the standard accounting

Table 3. Summary of Descriptive Discussion

Factor Research	Summary	
	Research Findings	Discussion
History (Study Education Last and Old Business)	Based on observations, and interviews by researchers, entrepreneurs have a level of education last height and / or age of the company more old, tend to have a vote more to the importance of accounting and financial reporting standard. And vice versa.	Research conducted by Grace (2003), Sylvia (2012), AUFAR (2013), and Zahri (2014) stated that the Study Last Education and the Old Business is the history of the deciding factors of perception. The importance of accounting and reporting financial standard . Therefore researchers can declare, it is appropriate with the research findings.
Attitude	Based on observations, and interviews by researchers, entrepreneurs have a good attitude tends have more votes against the importance of accounting and reporting financial standard. As well as otherwise.	Research conducted Arindi Silfiana Graffiti (2014) stated that the attitude Entrepreneur is one of the factors determinant perception importance of accounting and financial reporting standard. By Therefore, researchers can state it. This is consistent with research findings.
Subjective Norm	Based on observations, and interviews by researchers, entrepreneurs have a good subjective norm tend to have more votes the importance of accounting and financial reporting standard. And vice versa.	Research conducted Arindi Silfiana Graffiti (2014) states that Norma Subjective Entrepreneur is one determinants of the perception of the importance of accounting and financial reporting in accordance standard. Therefore, researchers can stated, this is in accordance with the findings research.
Control Behavior	Based on observations, and interviews by researchers, entrepreneurs have a good control behavior have more votes against the importance of accounting and reporting financial standard. As well as otherwise.	Research conducted Arindi Silfiana Graffiti (2014) states that control Employers behavior is one determinants of the perception of the importance of accounting and financial reporting in accordance standard. Therefore, researchers can stated, this is in accordance with the findings research.
Interest	Based on observations, and interviews by researchers, entrepreneurs have a high interest has assessment of the importance accounting and financial reporting in accordance standard. And vice versa.	Research conducted Arindi Silfiana Graffiti (2014) states that the Interests Entrepreneur is one of the factors determinant perception importance of accounting and financial reporting standard. By Therefore, researchers can state, it This is consistent with research findings.