IMPLEMENTATION OF ACCOUNTING IN MSMEs

By:
Meki Selfia\textsuperscript{1)}, Lovelly Dwinda Dahen\textsuperscript{2)}, Nilmadesri Rosya\textsuperscript{3)}
\textsuperscript{1)}Student STKIP PGRI West Sumatra
Email: mekiselfia1996@gmail.com
\textsuperscript{2)}Lecturer in Economic Education STKIP PGRI West Sumatra
Email: lovendalovelly@yahoo.com
\textsuperscript{3)}Lecturer in Economic Education STKIP PGRI West Sumatra
Email: nilmadesrirosya@gmail.com

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Abstract
This study aims to analyze: 1) the influence of the level of education on the application of accounting in the preparation of financial statements. 2) the influence of the length of business on the application of accounting in the preparation of financial statements. 3) the influence of the business scale on the application of accounting in the preparation of financial statements. 4) the influence of accounting training on the application of accounting in the preparation of financial statements.

Based on the data obtained in Lubuk Begalung Subdistrict, the results of the study showed: 1) The level of education had a significant effect on the application of accounting in the preparation of financial statements. 2) Length of business has a negative and insignificant effect on the application of accounting in the preparation of financial statements. 3) The business scale has a significant effect on the application of accounting in the preparation of financial statements. 4) Accounting training has a significant effect on the application of accounting in the preparation of financial statements.

Keyword: Level of Education, Length of Business, Scale of Business, Accounting Training

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INTRODUCTION

MSMEs is Micro and Small and Medium Enterprises that are engaged in all types of businesses such as fashion, culinary, information technology (IT), retail and so on. The development of MSMEs in Indonesia is one of the priorities in national economic development. Its development is able to expand the economic base and can contribute significantly to accelerating structural change, namely the increase in regional economy and national economic resilience. The Ministry of Cooperatives and SMEs noted that the contribution of the MSME sector to the gross domestic product (GDP) increased from 57.84% to 60.34% in the last five years. Not only that, but the MSMEs sector has also helped absorb employment in the country. Workforce absorption in the MSMEs sector grew from 96.99% to 97.22% in the last five years (www.cnnindonesia.com/Safir Makki).

Basically, MSMEs have a great opportunity to get credit for additional capital. However, in practice, the realization of KUR is far from the target because the bank appointed as the KUR distributor is still prudent in lending due to lack of access to adequate information regarding the condition of MSMEs. The majority of MSME entrepreneurs are not able to provide accounting information related to their business conditions, making the information more expensive for banks.

Capital problems, product marketing to the public and the application of professional management systems are the main obstacles faced by SMEs. SMEs still lack understanding and need to be provided about the importance of a business's financial statements. The recording of small business microfinance is low in intensity. The low intensity of recording in MSMEs is due to several factors: the owner has the perception that recording, bookkeeping, and reporting are not important, the lack of education and training of owners about accounting so that they do not know how to record, bookkeeping and report (Zahro, 2015). The financial statements are addressed to various users of the report on general financial information needs. If the provision of capital and credit providers do not understand or do not have confidence in the financial information they receive, then access of MSMEs to capital will be disrupted, as well as costs. SMEs have deficiencies in financial reporting that hinder economic growth (Mackenzie et al., 2012: 1)

This is also seen in MSMEs in Padang City, West Sumatra Province, on average business owners have not been able to separate owner's cash from company cash due to not all MSMEs prepare financial statements so they cannot provide financial information. MSMEs in the city of Padang is still lacking knowledge of accounting so that in the preparation of financial statements, the impact is not able to provide information about finance. MSMEs focus on buying and selling businesses but do not have sales and purchase transaction records so they cannot measure the financial performance of these MSMEs.

The development of MSMEs credit at commercial banks and rural banks according to the Padang City Statistics Center fluctuated while experiencing an increase but not reaching 1%. The low credit disbursement proves the still low application of MSMEs to the implementation of the preparation of financial statements. In addition, based on interviews with the MSMEs Assistant Secretariat of Padang City (Ranthika Adela, S. Pd) on March 5, 2018 said that MSMEs in Padang City were still dominated by micro-businesses so that almost all MSMEs had not implemented financial statements. Then, based on the explanation from the Head of West Sumatra Cooperative and MSMEs Office (Ir. Zirma Yusri, MM) in the SAK EMKM socialization
at Andalas University on March 16, 2018 that almost all MSMEs in West Sumatra have not been able to submit financial reports due to lack of attention from the government and related services such as providing training to SMEs. Below is a table of the number of MSMEs units in Padang City in each sub-district:

Table 1. Data on the Number of Padang MSMEs in 2015-2016

<table>
<thead>
<tr>
<th>Kecamatan</th>
<th>2015 (UMKM units)</th>
<th>2016 (UMKM units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Padang Barat</td>
<td>315</td>
<td>200</td>
</tr>
<tr>
<td>Padang Timur</td>
<td>306</td>
<td>200</td>
</tr>
<tr>
<td>Padang Selatan</td>
<td>234</td>
<td>235</td>
</tr>
<tr>
<td>Koto Tangah</td>
<td>278</td>
<td>240</td>
</tr>
<tr>
<td>Lubuk Begalung</td>
<td>370</td>
<td>300</td>
</tr>
<tr>
<td>Pauh</td>
<td>218</td>
<td>181</td>
</tr>
<tr>
<td>Lubuk Kilangan</td>
<td>132</td>
<td>140</td>
</tr>
<tr>
<td>Kurauji</td>
<td>365</td>
<td>180</td>
</tr>
<tr>
<td>Padang Utara</td>
<td>182</td>
<td>140</td>
</tr>
<tr>
<td>Nanggalo</td>
<td>202</td>
<td>120</td>
</tr>
<tr>
<td>Bungus Teluk Kabung</td>
<td>207</td>
<td>120</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2099</strong></td>
<td><strong>2056</strong></td>
</tr>
</tbody>
</table>

Source: Cooperative and MSME Services Padang City in 2011

The application of accounting is very important for a business unit, including MSMEs. The application of accounting to MSMEs not only makes good and neat bookkeeping, but can facilitate financial-related cooperation, namely funding to third parties (Banks) and to see the effectiveness and efficiency of business (Salimah, Indarti, & Siregar, 2015). According to Solovida (2010), there are several factors that influence the provision and use of accounting information, namely, the lead period of the company, the age of the company, the owner's education, the industrial sector, accounting training, and organizational culture.

Referring to the results of interviews with the secretariat of Padang City (Dewi Anggraini) on April 26, 2018, explained that the majority of the education level of MSMEs actors in Padang City was high school then followed by scholars. The higher the level of education of MSMEs actors, the better their understanding of the application of accounting. With the majority of the level of education of the owners still low (high school) it can be said that the understanding of the accounting of the owners of MSMEs in the preparation of financial statements is also still low compared to owners who have higher education (undergraduate) levels.

The length of MSMEs business that has been running for a long time allows these entrepreneurs to prioritize financial statements or even ignore them. The length of a business standing is expected to influence the perception of entrepreneurs about the importance of financial bookkeeping and reporting for their businesses (Zahri, 2014). Business actors with small business scale usually assume that the application of the preparation of financial statements is not so important. While large-scale businesses will assume that the application of the financial statements is very important.

The results of Wahyudi’s research (2009) state that the company's turnover affects the application of accounting. The higher the company's turnover means the more complex the financial management of the company, therefore the company will implement the financial statements. Business scale influences the level of application and provision of accounting information. It can be understood that the larger the company, the more complex the company needs for accounting and the information needed (Solovida, 2010).
Based on the results of interviews with the secretariat of Padang City (Dewi Anggraini) on April 26, 2018, explained that the training ever given to SMEs in Padang City was divided into 5 types, namely entrepreneurship training, business management/accounting, marketing, packaging, and food home industry/product standardization. The training is conducted once a year. From the explanation above it can be said that the training received by MSMEs is still very minimal, from the five types of training, especially training on business management/accounting is only given once a year. The more training that is followed can make it easier for MSMEs to implement accounting. In line with Wahyudi (2009) research, accounting training determines how well a manager's ability to control accounting techniques. The more often managers take accounting training, the better the manager's ability to apply to the account.

The purpose of financial statements is to provide financial information for the company to see the financial position, financial performance and cash flow of the company so that it is beneficial for users and owners in decision making. Many MSMEs in Padang city are constrained in the preparation of financial reports, especially in the District of Lubuk Begalung. MSMEs constraints include the lack of knowledge of the owners in the preparation of financial statements, the absence of workers or employees who understand financial statements, there are still MSMEs who have not participated in accounting training, the scale of business that is still small, business experience, business age, and education level of the owner.

**RESEARCH METHODS**

The type of research used is descriptive and associative research. The population in this study was the MSMEs perpetrator in Lubuk Begalung Subdistrict, Padang City, West Sumatra Province. Of the total population in Lubuk Begalung District in 2016 as many as 300 MSMEs, the number of samples needed was 168 MSMEs, then taken according to the sample criteria of 5 types of MSMEs businesses in Lubuk Begalung District.

**RESULTS AND DISCUSSION**

**Descriptive Analysis of Variables**

**Accounting Implementation in the Preparation of Financial Statements**

The recording carried out by MSMEs players is mostly in the form of simple notes. Such as recording in the form of sales and purchase of goods. Based on the data and the reality in the field from the sample that the author carefully in Lubuk Begalung Subdistrict which is the constraint of MSMEs in applying to account in the preparation of financial statements is the lack of desire for MSMEs in preparing financial statements, there are still many MSMEs who have the perception that compiling financial statements is not necessary done and only complicates and wastes time. In addition, there are still many MSMEs players who do not know what the financial statements benefit from their business. MSMEs players also assume that without compiling their business financial statements they are still running, in addition to the lack of distribution of training provided by the Cooperatives and MSMEs, especially training on accounting.

It can be concluded that the application of accounting in the preparation of financial statements in the District of Lubuk Begalung is still relatively low because it is still less than 50%. So it is necessary to provide information about the benefits and importance of financial statements for a business.
Descriptive Analysis of Education Level Variables

The level of education of MSMEs actors in Lubuk Begalung Subdistrict has the highest number of high school graduates, namely 103 people with a percentage of 61%. It can be said that the level of education pursued by MSMEs in Lubuk Begalung sub-district is still low with the majority of high school education. The ability and understanding of the owner in applying to account can be seen from the level of education, with a high level of education, it is expected that MSMEs players can understand and compile financial statements so that they are able to maintain sustainability.

Descriptive Analysis of Business Length Variables

The duration of business that is owned by MSMEs in Lubuk Subdistrict, begalung is ≤ 10 years, which is as many as 116 units of MSMEs with a percentage of 69% and> 10 years, namely 52 units of MSMEs with a percentage of 31%. With this, it can be said that MSMEs in Lubuk Begalung sub-district are mostly aged 1-10 years old. During the course of business, most MSMEs in Lubuk Begalung sub-district never close a business that is managed for a long period of time or more than one year.

The longer a business is expected, the better the implementation of its financial statements because MSMEs with a longer business age will have better business experience.

Descriptive Analysis of Business Scale Variables

The business scale in Lubuk begalung sub-district is mostly classified as micro-enterprises as many as 157 units of MSMEs with a percentage of 93% then small-scale enterprises as many as 11 units of MSMEs with a percentage of 7% and none have medium-sized businesses. The business scale can have an impact on business management where business owners will need financial reports in order to separate personal assets and business assets. When viewed from the workforce that is used by most MSME actors, they only use labor from their own families.

The greater the turnover received by MSMEs, then the application of accounting in the preparation of reports will be increasingly important because, with a large business scale, MSME entrepreneurs are in desperate need of business financial information to see the progress and progress of their business.

Descriptive Analysis of Accounting Training Variables

The MSMEs actors in Lubuk Begalung Subdistrict majority have never participated in accounting training. The number of MSMEs players who had attended accounting training was 96 units of MSMEs with a percentage of 57% and the number of MSMEs who had not participated in accounting training were 72 units of MSMEs with a percentage of 43%. From the training followed by MSMEs when viewed from the sample, most of the training that was followed was accounting training, besides that there were some MSMEs participants who took part in training in addition to accounting training in the form of training on product marketing management.

MSMEs owners who take part in accounting training can contribute to technical skills in preparing financial statements. If MSMEs owners have never participated in accounting training then this is an obstacle for MSMEs in understanding the technical preparation of financial statements. However, if the MSMEs owner has basic knowledge and skills in preparing financial statements, the preparation of financial statements can be done.
LOGISTIC REGRESSION RESULT

Table 2. Data on the Number of Padang MSMEs in 2015-2016
Dependent Variable: Y
Method: ML - Binary Logit (Quadratic hill climbing)
Sample: 1 168

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>z-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>-17.87597</td>
<td>4.613984</td>
<td>-3.874303</td>
<td>0.0001</td>
</tr>
<tr>
<td>X1</td>
<td>0.552050</td>
<td>0.123494</td>
<td>4.470247</td>
<td>0.0000</td>
</tr>
<tr>
<td>X2</td>
<td>-0.046456</td>
<td>0.040425</td>
<td>-1.149168</td>
<td>0.2505</td>
</tr>
<tr>
<td>X3</td>
<td>0.000149</td>
<td>6.01E-05</td>
<td>2.480368</td>
<td>0.0131</td>
</tr>
<tr>
<td>X4</td>
<td>1.690034</td>
<td>0.518461</td>
<td>3.259716</td>
<td>0.0011</td>
</tr>
</tbody>
</table>

McFadden R-squared 0.158485 Mean dependent var 0.470238
S.D. dependent var 0.500606 S.E. of regression 0.454191
Akaike info criterion 1.223129 Sum squared resid 33.62518
Schwarz criterion 1.316104 Log likelihood -97.74280
Hannan-Quinn critier. 1.260862 Deviance 195.4856
Restr. deviance 232.3019 Restr. log likelihood -116.1509
LR statistic 36.81626 Avg. log likelihood -0.581802
Prob(LR statistic) 0.000000

Source: Of Processed Primary Data In 2018

The Influence of Education Levels on Accounting Implementation in Preparing MSMEs Financial Statements in Lubuk Begalung Subdistrict

From the data obtained in the field, the education level variable shows a regression coefficient of 0.552 with calculated count of 4.470 > ztable 0.394. This implies that H₀ is rejected and Hₐ accepted, thus evident that the educational level variable has a positive and significant impact on the application of accounting in the financial statements of MSMEs in the District of Lubuk Begalung.

In fact, many MSMEs do compile reports with low education levels. This can happen because MSMEs with a minimum level of education have a basic skill in preparing financial statements. In addition, MSMEs players with high school education level are said to be technical actors in applying to account while MSME actors with higher education levels than high schools are said to be analysts. So that with a minimum level of education, high school MSMEs can also compile financial reports for us.

Effect of Business Duration on Accounting Implementation in Preparing MSMEs Financial Statements in Lubuk Begalung Subdistrict

From the data obtained in the field, the business duration variable shows the regression coefficient value of -0.046 with z count -1.149 < ztable 0.208. This implies that H₀ is accepted and Ha is rejected, thus it is proven that the business duration variable has a negative and insignificant effect on the application of accounting in the preparation of MSMEs financial statements in the District of Lubuk Begalung. So that the length of a business cannot provide technical skills opportunities for business owners in preparing financial statements.

In reality, many MSMEs players compile financial statements when viewed from the length of business, namely between the ages of ≤ 10 years. This happens because MSMEs want to see the prospects of their business going forward, so it is necessary to prepare financial statements. The longer a business is established, the more financial
statements are not implemented by MSMEs. The longer a business can reduce the contribution in the preparation of financial statements. If with a longer business age, the MSMEs principals have the idea that the finances of the business they are running are outside the head and no longer need to prepare financial statements, the perception arises that the preparation of financial statements is not the main thing because without the preparation of the financial statements they still walk.

The Effect of Business Scale on Accounting Implementation in Preparing MSMEs Financial Statements in Lubuk Begalung Subdistrict

From the data obtained in the field, the business scale variable shows the regression coefficient value of 0.0001 with a calculated $z$ table of 0.098. This implies that $H_0$ is rejected and $H_a$ is accepted, thus it is proven that business scale variables have a significant effect on the application of MSMEs financial statements in the District of Lubuk Begalung. This shows that the MSMEs business scale can provide technical skills opportunities for business owners in the application of accounting in compiling financial statements.

In reality, the MSMEs who compose the most financial statements when viewed from the size of the business scale are MSMEs with a business scale of <25 million (micro-enterprises). This happens because MSME players who have a micro business scale can also contribute to the preparation of financial statements. Because MSMEs with the scale of micro-enterprises have the perception that the preparation of financial statements is the main thing because, with the preparation of financial statements, their businesses can run and develop. In addition, the preparation of financial statements will also facilitate the acceptance of business capital from other parties because they have measurements in business development.

The Influence of Accounting Training Against Accounting Implementation in Preparing MSMEs Financial Statements In Lubuk Begalung Subdistrict

From the data obtained in the field, the accounting training variable shows the regression coefficient value of 1.690 with $z$ count 3.259 > $z$ table 0.328. This implies that $H_0$ is rejected and $H_a$ is accepted, thus it is proven that the accounting training variable has a significant positive effect on the application of accounting in the preparation of MSMEs financial statements in the District of Lubuk Begalung. So that accounting training variables can provide technical skills opportunities for business owners for the application of accounting in the preparation of financial statements.

In fact, where MSMEs in Lubuk Begalung Subdistrict who take part in accounting training tend to implement accounting in the compilation of financial statements. Because the accounting training that is followed can improve the skills of SMEs so that they can help in understanding and compiling financial statements.

CONCLUSION

Based on the data analysis that researchers have done, it can be concluded that: The level of education has a significant effect on the application of accounting in the preparation of financial statements. Length of business has a negative and insignificant effect on the application of accounting in the preparation of financial statements. The business scale has a significant effect on the application of accounting in the preparation of financial statements. Accounting training has a significant effect on the application of accounting in the preparation of financial statements.
REFERENCES


