Accounting Standards Perceptions in Small Medium Enterpricess: Case Study in Indonesia

Nuramalia Hasanah¹, Ratna Anggraini ZR²
¹Departement of Accounting, Faculty of Economics, Universitas Negeri Jakarta
Email Address: nuramalia@unj.ac.id
²Departement of Accounting, Faculty of Economics, Universitas Negeri Jakarta, Indonesia
Email Address: r.anggrainizr_unj@yahoo.com

Indonesian Financial Accounting standards for non-public accountability entity/ SAK ETAP is the hope of improving the quality of financial statements of SMEs in generating accounting information. One of the main problems in the development of SMEs are good financial management requires an understanding and accounting skills. This study aimed to get empirical evidence about SMEs business owner perception, age of business, socialization and training on financial accounting standards entities without public accountability (SAK ETAP) implementation. This research used primary data obtained from questionnaires to the respondents, which is SMEs in the city of Bogor, West Java Indonesia. The population in this research the entire SMEs from various industry sectors in Bogor. Total areas under investigation is 99 areas which taken using purposive sampling method are SMEs from ciomas. Researchers using descriptive quantitative survey method. The result of this research showed that SMEs business owner have the perception that the implementation SAK ETAP using the accounting system can make it easier and useful for the preparation of financial statements, in addition to the majority of respondents agreed that the need for more intense socialization and training so that the awareness and understanding to immediately carry out the implementation of SAK ETAP. Result of this study will be of interest to Public, Local Government, SMEs and Academics.

**Keywords:** SMEs business owner perception, socialization and training, SAK ETAP implementation

1. INTRODUCTION

SMEs (Small and Medium Enterprises) is a vital sector in the economic growth and development. The important role of SMEs in Indonesia have proven in the past five-year period in which the contribution of SMEs to GDP is always above 50% and in employment is always above 90% (Business Review, 2016). Financial Accounting Standards Board (DSAK) has endorsed the accounting standard for SMEs, the Financial Accounting Standards Entities Without Public Accountability (SAK ETAP). SAK ETAP is the hope of improving the quality of financial statements of SMEs in generating accounting information. Accounting information can assist SMEs in taking important decisions, identify business development, and financial management to achieve more success.

Demands to further implement financial reporting standards based on the standards applicable to SMEs grew bigger after the enactment systems ASEAN Economic Community (AEC) which is not only limited competition in Indonesia, but also from various ASEAN countries. The SMEs in Indonesia should be aware of the increasingly sharp competition with the more productive in developing a business. One of the main problems in the development of SMEs, namely the financial governance because of good financial management requires an understanding and accounting skills. However, many SMEs have not been able to make a decent financial statements in accordance with applicable standards. SMEs with micro and small size have not been organized and use accounting information to the maximum due to lack of education and lack of understanding of accounting so that the application of SAK ETAP becomes very difficult and complicated for SMEs (Tuti, 2014). Managers of SMEs also consider the financial statements is not important (Putra dan Kurniawati, 2012).

Neag, et al (2011) found that the standardized financial statements (IFRS and GAAP) are still too complex for micro and small businesses that can not be
applied and hard-filled. In addition, the implementation of ETAP IFRSs for SMEs is still hampered by the limited knowledge of SMEs (Nedsal et al, 2014). This is in line with a survey conducted by Grant Thornton Org (2011) that businesses and accountants agree to simplify the existing financial statements and if simplifying then 80% of businesses will apply. This paper will examine SMEs business owner perception, age of business, socialization and training on financial accounting standards entities without public accountability (SAK ETAP) implementation. This research is determine the perception of SMEs to accounting system in the application of SAK ETAP. This research also helps SMEs in providing reliable and accountable information about their financial position and financial management. This research want to know about how is the SMEs perception on accounting standards (SAK ETAP)2. Nonetheless SME financial reporting made simple should match the needs of SMEs will be internal analysis, analysis of taxation and business credit needs.

2. LITERATURE REVIEW.

Micro Small and Medium Enterprises

In general, SMEs in running their own business characteristics as follows:

1. Generally, small and medium enterprise sector started its business with little capital and skill that is less than the founder or owner.
2. Limited funding sources that can be used to help smooth its business, such as from credit suppliers (suppliers) and bank loans or from banks that want to serve small and medium entrepreneurs.
3. The ability to obtain bank credit loans is relatively low. The reason is partly due to incapacity to provide assurance, accounting, and so on.
4. Many of the economic operators of SMEs do not understand bookkeeping / accounting. For those who already use the financial records, are still experiencing problems in the financial statements.
5. Generally, the SME sector is less able to foster relationships with banks.

Law Number 20 Year 2008 on SME Article 1 (1), (2) and (3) listed in the definition of micro, small, and medium enterprises. Micro-businesses are productive enterprise belonging to individuals and / or entities that meet the criteria of individual businesses micro enterprises as stipulated in this Law. Small businesses are productive economic activities that stand alone, carried out by an individual or business entity that is not a subsidiary or not a branch of the company owned, controlled, or be a part either directly or indirectly with small or large businesses with total net assets or annual sales revenue as stipulated in this Law.

Ministry of Cooperatives and SMEs classify SMEs as follows:

a. Small business is a business that has a turnover of less than US $ 1 billion per year.

b. Medium business is a business that has a turnover of between Rp 1 billion to Rp 50 billion per year.

The Central Statistics Agency (BPS) classify businesses based on the amount of labor, as in the table below:

<table>
<thead>
<tr>
<th>Numbr.</th>
<th>Categories</th>
<th>Amount of labor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Household Business (Micro)</td>
<td>≤ 4 people</td>
</tr>
<tr>
<td>2</td>
<td>Small Business</td>
<td>5-19 people</td>
</tr>
<tr>
<td>3</td>
<td>Medium Business</td>
<td>20-50 people</td>
</tr>
<tr>
<td>4</td>
<td>Big Business</td>
<td>≤ 100 people</td>
</tr>
</tbody>
</table>

Financial Accounting Standards Entities Without Public Accountability (SAK ETAP) Implementation

Most of the SMEs only records the amount of money received and expended, the amount of goods bought and sold, and the amount receivable / debt. Putra and Kurniawati research (2012) shows that SMEs have constraints in preparing the financial statements due to a lack of capable human resources in the field of accounting and the lack of allocation of time to prepare. Employ someone specifically to do the bookkeeping accounting and preparing financial statements become less realistic for many SMEs because it would increase spending to pay the salaries of the accounting personnel. Tarmizi (2013) measures the implementation of SAK ETAP using 3 indicators, accountability, objectives and completeness of information in accordance with SAK ETAP. Supadmi (2015) measures the implementation of SAK ETAP with 6 indicators adopted from SAK ETAP, namely: (1) Recognizing all assets and liabilities in accordance with SAK ETAP, (2) Not recognizing assets and liabilities if not authorized by SAK ETAP, (3) Reclassifies items previously used under Indonesian GAAP into SAK ETAP, (4) Measures the measurement of recognized assets and liabilities in accordance with SAK ETAP, (5) SAK ETAP assists in controlling the company’s entry and exit, (6) ) SAK ETAP provides convenience in presenting the company’s financial statements.

SMEs Business Owner Perception

Since the enactment of SAK ETAP perception of various parties came in response to the level of effectiveness, efficiency, level of convenience and usefulness the new standard (Supadmi, 2015). Basically, a change in the system that can provide utility to users, the system will be well received and vice versa, if the system is not useful or difficult it will be abandoned by their users.

Perception of usefulness is a degree to which a person believes that a particular use of technology will improve the performance of the person's work. Puspipta (2017) describes the perception of usefulness as a construct of a person's belief that the use of a particular technology will be able to improve their performance.
Puspita (2017) says that the perceived ease of use of technology is defined as a measure in which a person believes that the information can be easily understood and used. Fitakurokkmah states that the perception of usefulness and perceived ease of use of the positive effect of the use of SAK ETAP by BPR in Malang. This study separates the perceptions of business owner perception into several:

a. Perception easy to use, Six items to form a usability perception are: Work More Quickly, Job Performance, Increase Productivity, Effectiveness, Makes Job Easier, and Useful.
b. Perception usefulness to use, Six items also for the perception of ease of use, namely: Easy of Learn, Clear & Understandable, Flexible, Ease to Use, Controllable and Easy to Become Skillful.

Socialization and Training
Socialization and training activities related to bookkeeping for SMEs have contributed substantially in the success of the development of SMEs. Various media are expected to arouse awareness of SME entrepreneurs to be more aware and carry a moral message of the importance of accounting for their efforts.

According to Firmansyah (2013), construct of training can be measured using a variable based on the concept of business experience indicators: the respondent's participation in training activities, the need for training on their respective businesses to improve performance, readiness training, and training is important to improve performance.

Socialization SAK ETAP intended as a mechanism to deliver information about SAK ETAP to SMEs as the target users through a variety of patterns and forms of activities, either directly or indirectly aimed at making SMEs become aware of even understand SAK ETAP. Furthermore, information on expected standards SAK ETAP is encouraging the implementation of the SMEs in the future in helping the development of SMEs financial management skills as well as decision support for SMEs.

3. RESEARCH METHODOLOGY
Types and sources of Data
This research used survey method. For the purpose this research using primary data obtained the necessary data through observation with interviews and distributing questionnaires to the respondents, which is SMEs in the city of Bogor, West Java Indonesia.

Population and Sample
The population is the entire SMEs from various industry sectors in Bogor, are 1800 units (BPS, Bogor, 2015). Because of the large population, this research used purposive sampling. The criteria for sampling in this research are:

a. Small and Medium Industries footwear products which is located in the district of Ciomas and districts listed in the annual report
b. Industry is still operating by the end of 2016
c. Industries that produce each month
d. Industry is willing to participate in this research

Purposive sampling based on the obtained sample of 99 units. The sample can be used is only 99 because many respondents from SMEs refuse to become participants because they do not understand the contents of the questionnaire, have not applied the financial statements, and the busyness of the manager of SMEs, so that only 99 respondents for this research. For the primary data, we employed the appropriate tools and techniques to gather the data for analysis. The analysis, provide the basis for discussions and support for many views that presented in the study, some conclusion and recommendation made.

4. RESULT AND DISCUSSION
Profile Respondents and Surveyed Firms

Gender
Out of 99 respondents, the respondents in this research is dominated by males were 92.93% were females only 7.07% (refer to table 1 below). This means Males dominate the SMEs in Bogor, this means that the role of women is still a little bit in this sector. The hope in the future there is an increasing role of women in small and medium enterprises in Bogor in particular, and in Western Java in general.

Educational Level
While the level of education of respondents is quite varied, 19.19% of respondents are undergraduate, 23.23% of respondents are diploma, 41.41% graduated from high school, while 16.16% of respondents with education level below high school, and no respondents is postgraduate. This means that small and medium businesses in the city of Bogor owners more dominated by graduates fresh senior high school. Ideally in order to understand the challenges of a growing business, it takes college graduates are more in order to understand the implementation of standards and strategies in the business world.

Educational Background
We reports further that, the educational background of the respondents either accounting / economics, engineering, law and much less than others areas, which are respectively 20.41%, 29.59%, 5.10% and 44.90%. From educational background data, note the dominance of the highest educational backgrounds from various backgrounds, instead of accounting / economics, so it is not surprising that small and medium businesses are less keen to implement against SAK ETAP.

Scale of Business
Our questioner captured the scale business carried small business majority of respondents that are 79.80% to 12.12% and 8.08% of micro enterprises and medium-
sized enterprises. The data showed the dominance of a sample of respondents is small businesses, the majority of employees are less than 5 people. Most small businesses managed by their owners, so for those owners who do not have the awareness of the importance of the implementation of accounting standards, the financial statements will only add to their work.

### Table 1

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>CRITERIA</th>
<th>TOTAL</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>92</td>
<td>92.93%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>7</td>
<td>7.07%</td>
</tr>
<tr>
<td>Education Level</td>
<td>Postgraduate</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>19</td>
<td>19.19%</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>23</td>
<td>23.23%</td>
</tr>
<tr>
<td></td>
<td>High School</td>
<td>41</td>
<td>41.41%</td>
</tr>
<tr>
<td></td>
<td>&lt;High School</td>
<td>16</td>
<td>16.16%</td>
</tr>
<tr>
<td>Education Background</td>
<td>Accounting/Economics</td>
<td>20</td>
<td>20.41%</td>
</tr>
<tr>
<td></td>
<td>Mechanical</td>
<td>29</td>
<td>29.59%</td>
</tr>
<tr>
<td></td>
<td>Law</td>
<td>5</td>
<td>5.10%</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>44</td>
<td>44.90%</td>
</tr>
<tr>
<td>Scale of Business</td>
<td>Micro</td>
<td>12</td>
<td>12.12%</td>
</tr>
<tr>
<td></td>
<td>Small</td>
<td>79</td>
<td>79.80%</td>
</tr>
<tr>
<td></td>
<td>Medium</td>
<td>8</td>
<td>8.08%</td>
</tr>
</tbody>
</table>

### SMEs Business Owner Perception

Previous studies have also shown that there is a positive relationship between perceptions of usefulness and the application of SAK ETAP. Supadmi (2015) and Rina Permatasari (2014) which states that the perception of usability and ease of use have a positive influence on the application of SAK ETAP.

Related to this research, the perception of SMEs entrepreneurs against SAK ETAP which is applied as a substitute for PSAK will affect the process of making financial report, if the SMEs feel that SAK ETAP provides convenience and usability in terms of reporting characteristics more relevant and more reliable for their business, they will try to apply SAK ETAP as soon as possible.

### Perseption Easy To Use

Perception of SMEs business owners is relatively important because it affects the decision of whether or not to adopt the SAK ETAP. Previous studies have also shown that there is a positive relationship between perceptions of usefulness and the application of SAK ETAP. Supadmi (2015) and Rina Permatasari (2014) which states that the perception of usability and ease of use have a positive influence on the application of SAK ETAP.

Related to this research, the perception of SMEs entrepreneurs against SAK ETAP which is applied as a substitute for PSAK will affect the process of making financial report, if the SMEs feel that SAK ETAP provides convenience and usability in terms of reporting characteristics more relevant and more reliable for their business, they will try to apply SAK ETAP as soon as possible.

### Perception Usefulness of Use

The next question to respondents is about the perception of usefulness of the system in the implementation of SAK ETAP. Majority of respondents answers are system will be useful for their business, it is shown from the answers about 48% agree. While 35% of respondents answered quite agree, few have answered strongly agree as many as 2%. This result indicate SMEs business owner feel that using System in Implementation of SAK ETAP will Usefull for their business, although the answer can be seen there are still small and medium business owners who still doubt the usefulness of the system in the standard implementation although the amount is not much, only 14%. It means, there are SMEs business owners need educated to understand the usefulness of using system in implementation the standards.

### Socialization and Training

According to Firmansyah (2013), construct of training can be measured using a variable based on the concept of business experience indicators: the respondent's participation in training activities, the need for training on their respective businesses to improve performance, readiness training, and training is important to improve performance. We used a five-point Likert scale, with three as “strongly agree “, “one disagree” and one as “strongly disagree”. Respondents asked 4 questions to indicate the importance of socialization and training in implementation of SAK ETAP.
Result presented in figure 3 majority respondents agree (about 58%) if they need socialization and training to improve their awareness to implementation. No one “strongly disagree”. Only 3% of respondent “disagree”. This results means, it directs the interested parties, such as governments, accountant organizations and other institutions, to be able to expand socialization and training to help the owners of small and medium enterprises implement SAK ETAP system.

5. CONCLUSION
Based on the research that has been done, the research concludes some of the following:
1. this research dominated by males, the level of education of respondents is Senior high school, the scale business carried small business majority. SMEs business owner perception agree that implementation of SAK ETAP will be easy and useful for their business. Socialization and training need in SAK ETAP implementation.
2. Government as policy maker can efforts to make use and ease of use of the accounting system for SMEs to implement SAK ETAP and deliver information about SAK ETAP to make SMEs become more aware and trained of the system is to implement them in their business activities.
3. For next researcher can further expand the sample as the object of SMEs research throughout Indonesia

REFERENCE
(2) Fuad and Sitoresmi L. D. 2013. Factors Affecting the Use of Information Administration of SMEs (Case study in KUB Sido Rukun Semarang)
(3) Diponegoro Journal of Accounting. Vol. 2 No 3 Hal. 1-13 ISSN: 2337-3806
(4) Law of the Republic of Indonesia Number 20 Year 2008 on Micro, Small and Medium Enterprises
(10) Tuti, Rias. 2014. Factors Affecting SMEs in Developing Understanding Financial Statements based SAK ETAP. The 7th NCFB and Doctoral Colloquium. Faculty of Business and the Graduate UKWMS.
(12) Fuad and Sitoresmi L. D. 2013. Factors Affecting the Use of Information Administration of SMEs (Case study in KUB Sido Rukun Semarang)
(13) Diponegoro Journal of Accounting. Vol. 2 No 3 Hal. 1-13 ISSN: 2337-3806
(14) Law of the Republic of Indonesia Number 20 Year 2008 on Micro, Small and Medium Enterprises
(20) Tuti, Rias. 2014. Factors Affecting SMEs in Developing Understanding Financial Statements based SAK ETAP. The 7th NCFB and Doctoral Colloquium. Faculty of Business and the Graduate UKWMS.
(22) Fuad and Sitoresmi L. D. 2013. Factors Affecting the Use of Information Administration of SMEs (Case study in KUB Sido Rukun Semarang)
(23) Diponegoro Journal of Accounting. Vol. 2 No 3 Hal. 1-13 ISSN: 2337-3806
(24) Law of the Republic of Indonesia Number 20 Year 2008 on Micro, Small and Medium Enterprises
(30) Tuti, Rias. 2014. Factors Affecting SMEs in Developing Understanding Financial Statements based SAK ETAP. The 7th NCFB and Doctoral Colloquium. Faculty of Business and the Graduate UKWMS.