ANALYSIS OF OBSTACLES IN IMPLEMENTING FINANCIAL ACCOUNTING STANDARDS FOR MICRO SMALL AND MEDIUM ENTITIES IN MSMEs IN KUPANG CITY

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Abstract

The purpose of this study was to find out the obstacles in implementing SAK EMKM for MSMEs in Kupang City. The research method used is qualitative. Data analysis was performed using Nvivo 12 Plus with the process of coding analysis, matrix coding queries, word frequency queries, analytical maps, framework matrices, and drawing conclusions as the last step. The results showed that the obstacles in implementing SAK EMKM for MSMEs in Kupang City were mostly caused by external factors, namely unclear socialization. This is due to the socialization methods carried out by socialization organizers who are less effective and the lack of ongoing assistance also causes MSME actors to not understand the material presented.

INTRODUCTION

Basically, accounting and MSMEs are interrelated, where recording accounting information to preparing financial reports is an important thing for every MSME actor to do. Financial reports for lenders are used as analytical material to assess the ability of MSMEs to repay so that the risk of default can be minimized. Meanwhile, for MSME actors themselves, financial reports are used as a tool for controlling assets, liabilities and capital as well as income planning and efficiency of costs incurred as a tool for making corporate decisions. Regarding the procedure for recording accounting information to become a financial report, the Government through the Indonesian Association of Accountants issued Accounting Standards for Micro, Small and Medium Enterprises (SAK EMKM). With the issuance of SAK EMKM,

Along with the increasingly rapid development of MSMEs, SAK EMKM also plays a role in the economic growth of the MSME sector in Indonesia. According to Rahman (2020), the application of SAK EMKM has a positive and significant effect on MSME growth. This statement is supported by Sari and Husen (2020) which states that knowledge of accounting records has a direct effect on the

economic growth of MSMEs. So the better the level of knowledge of accounting records and the application of SAK EMKM to MSMEs, the economic growth rate of MSMEs will also increase.

Results of Ala and Effendi's research (2019) entitled Application of SAK ETAP-Based Financial Recording with a SWOT Analysis Approach to MSMEs in Kupang City statedthat the use of SAK ETAP-based financial reports cannot be carried out properly as a strength of an MSMEs in providing financial information to assess the performance of MSMEs in one period. The reason is the lack of knowledge of MSME actors in SAK ETAP-based financial records, which shows the unpreparedness of MSME actors in implementing SAK ETAP.

Furthermore, in Wahyundaru's research results(2020)entitled Factors Obstructing the Readiness of MSMEs in Semarang City in Implementing SAK-ETAP where it was found that the understanding of MSME actors and the perceptions of MSME actors towards SAK ETAP was not good, and the factors that hindered implementing SAK-ETAP were difficult and unclear bureaucratic structures , inadequate human resource capabilities, poor communication and outreach and the attitude of the owner who is less supportive.

On January 1, 2018 SAK EMKM was ratified as the basis for preparing the financial reports for Micro, Small and Medium Enterprises by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI). With the issuance of SAK EMKM, the preparation of MSME financial reports is simpler compared to SAK ETAP But so far the majority of MSMEs in various regions have not implemented SAK EMKM. This statement is based on the results of a literature study conducted by Manehat and Sanda which stated that not only MSMEs in Eastern Indonesia, but many MSMEs located in West Indonesia and Central Indonesia have not implemented SAK-EMKM. Generally, the main reason is the low quality of human resources.(Manehat, 2022)

This is supported by Cahyaningtias Research (2022) entitled Application of Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM) to Fisheries MSMEs in East Nusa Tenggara (Case Study at Al-Ijtihad MSMEs in Kupang City) states that the use of accounting information on MSMEs has not been implemented optimally so that SAK EMKM has also not been implemented completely in business activities with a case study on UKM Al-Ijtihad in Kupang City. Lack of knowledge of accounting records is the reason why SAK ETAP and SAK EMKM have not been properly implemented by MSMEs in Kupang City. Socialization efforts regarding SAK EMKM have been carried out to SMEs assisted by government and private institutions. In addition, information about the preparation of financial reports in accordance with SAK EMKM has also been found on the internet and social media.

Based on the description above, the formulation of the problem in this study is what are the obstacles in implementing SAK EMKM for MSMEs in Kupang City. The purpose of this study was to find out the obstacles in implementing SAK EMKM for MSMEs in Kupang City. Another output target in this study is to find the right socialization method and application of accounting information systems in

an effort to apply SAK EMKM to MSMEs in Kupang City so that it is expected to increase MSME economic growth.

METHODS
Types of research

This type of research is descriptive qualitative research because the topics in this research need to be explored and the researcher wants to present a detailed view of the topics in this research.

Research Subjects

The subjects in this study were Micro, Small and Medium Enterprises (MSMEs) in Kupang City, East Nusa Tenggara Province. The selection of informants in this study was carried out by purposive sampling, namely selecting informative cases (information-rich cases) based on the strategies and objectives set by the researcher, the number of which depends on the objectives and study resources.(Heryana, 2018)

The informant selection technique uses homogeneous sampling, which is a technique that aims to focus analysis on one problem, reduce variation, simplify analysis, or facilitate group interviews. Therefore, the informants in this study are MSME actors in Kupang City who have participated in SAK EMKM socialization activities.

Data source
1. Primary data sources are data derived from direct interviews with key informants and supporting informants.
2. Secondary data sources are data obtained from observations of researchers, offline and online news articles, social media, and journals related to the application of SAK EMKM to MSMEs.

Research Variable Operational Matrix

Variable	Factor	Indicator
Obstacles in implementing SAK EMKM for MSMEs in Kupang City	Internals	Unclear disposition
		HR capabilities are not sufficient
	external	Lack of communication/socialization
		The bureaucratic structure is difficult and unclear

Source: Wahyundaru modified by the author [10]

Data collection technique
1. Literature review
2. Interview
3. Observation or observation

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Data Validity
In this study, researchers used source triangulation and time triangulation.

Data analysis technique
The data analysis that the researchers used in this study was Nvivo data analysis with the NVivo 11 Plus software. The data analysis process in this study is as follows:

1. coding
   In this study used a standard process of systematic data analysis, namely coding analysis. Researchers will identify existing patterns to be able to find answers to the formulation of the problem by going through 3 stages of coding, namely: open coding, axial coding, and selective coding.
2. Matrix Coding Queries
   The researcher makes a matrix coding query to find certain patterns. The matrix coding query that the researcher makes is a matrix of MSME actors vs. the Implementation of SAK EMKM, MSME players vs Barriers to SAK EMKM, Barriers vs Implementation of SAK EMKM.
3. Word Frequency Queries
   Researchers use this analysis to make reminders by researchers so that no important issues are overlooked in the analysis and reporting process.
4. Project Map
   The researcher makes an analysis map of the coding, case, and related source data to display the data process flow and the relationship between each data that has been carried out by the researcher from the beginning to the end of the process.
2. Framework Matrix
   The researcher makes a representative which explains where the researcher can answer each of the existing problem formulations with data sources from sources and supporting documents.
3. Conclusion
   Conclusions in qualitative research are findings that have never existed before. Findings can be in the form of an image or description of an object that was previously dim or dark so that it becomes clear after research is carried out, it can be a causal relationship or interaction, hypothesis or theory.

This section consists of research design, subject/object/population/sample, operational definitions and measurement of variables, data collection techniques and instruments, and data analysis techniques. Contains the type of research, time and place of research, targets/objectives, research subjects, procedures, instruments and data analysis techniques as well as other matters related to the method of research, targets/targets, research subjects, procedures, data and instruments, and collection techniques data, as well as data analysis techniques and other matters related to the method of research.

RESULTS AND DISCUSSION
The subjects of this study were SMEs in Kupang City who were selected through purposive sampling. The selection of informants in this study were selected

who had participated in SAK EMKM socialization and training both offline and online, with the consideration that in order to dig deeper into the obstacles in implementing SAK EMKM in MSMEs, the researchers ensured that the informants in this study already knew SAK. EMKM, but still have not implemented SAK EMKM correctly. Based on these criteria, the following informants were obtained:

Table1. Research Subjects

No.	Name of Owner/Manager	Business	Followed socialization/training
1	L's mother	Grocery store	SIAPIK socialization at Darul Hijrah Bazaar by Nusa Cendana University
2	Mr F	Car repair shop	Online webinars on the entrepreneur community
3	J's mother	MSME Processing of Fishery Products	Online webinar by Bank Indonesia
4	Mrs S	MSME Processing of Fishery Products	Financial outreach by Kupang State Polytechnic
5	AB's mother	MSME Processing of Fishery Products	Financial socialization through community service at Indo Global Mandiri University Palembang, South Sumatra

Source: Primary Data Processed, 2022

Furthermore, the researchers conducted interviews and observations with the informants so as to produce a source of data in the form of interview results which had been compiled in interview transcripts as well as research literature and relevant community service publications in the form of pdf files.

Based on the results of interviews and observations of 5 informants, facts were obtained related to the completeness of the financial reports owned by the informants in this study, namely:

Table2. Completeness of Informant Financial Reports

Informant	Types of Financial Statements		
	Statement of Financial Position	Income statement	Notes on Lap. Finance
1	There isn't any	There is	There isn't any
2	There is	There is	There isn't any
3	There isn't any	There isn't any	There isn't any
4	There isn't any	There isn't any	There isn't any
5	There isn't any	There isn't any	There isn't any

Source: Primary Data Processed, 2022

Thus, the researchers concluded that the knowledge and understanding of MSME actors regarding SAK EMKM was still lacking even though they had participated in socialization activities. MSME actors also think that financial reports are profit and loss reports, even though according to SAK EMKM, the components of financial statements consist of a statement of financial position, profit and loss statement, and notes to financial statements (CALK). The results of this study are in line with the research conducted by Suryani(2020)which stated that MSME informants recorded transactions and financial reports that were very simple and based on the understanding of each individual and were not in accordance with SAK EMKM because the informants only presented profit and loss reports.[6]

Therefore, this study digs deeper into the things that hinder the implementation of SAK EMKM for MSMEs in Kupang City with qualitative data analysis tools, namely using NVivo 12 Plus Software based on the results of interviews, observations, and literature studies that the researchers have collected. After all the data sources obtained were imported into the software for data analysis purposes, the researcher coded the data. In this process, the researcher forms data categorizations based on the concepts that appear in the data, compares the concepts and/or data categories and reunites all concepts and data categories that are related to one another.

The theme categories analyzed during the coding process are stored in nodes which have a very important role in qualitative data analysis with Nvivo. The technique of making nodes in this research is done deductively. Coding is carried out based on the factors in this study discussed to reveal the things that hinder the application of SAK EMKM to MSMEs in Kupang City which is based on Wahyundaru's research (2019) which previously examined the factors that hindered the implementation of SAK ETAP, namely: dispositions that lacking, human resource skills, communication/socialization is lacking, and the bureaucratic structure is difficult and unclear.[5]

Furthermore, these factors are classified by researchers as follows:
1. Internal factors
   a. Unclear disposition
      This is caused by a lack of motivation for MSME owners/managers to implement SAK EMKM, even though MSME actors have employees in the finance department, but the bookkeeping system carried out by MSME actors has not fully implemented SAK EMKM because the financial reports prepared are only profit and loss statements, which are not in accordance with minimum standards for financial reports based on SAK EMKM which consist of at least 3 (three) components of financial statements, namely: Statement of Financial Position, Profit and Loss Report, and Notes to financial reports.
   b. Inadequate HR capabilities
      Lack of knowledge and understanding of MSME actors regarding SAK EMKM regarding the presentation of financial reports, and the

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manager/owner only keeps simple financial records based on transaction evidence according to the understanding of each MSME actor.

2. External Factors

a. Poor communication and socialization

This is related to the socialization method followed by MSME actors which is generally one-way so that MSME actors find it difficult to understand what is explained by the organizers of the socialization, and there is no continuation of assistance after the socialization is held so that MSME actors find it difficult to start financial recording activities according to SAK EMKM .

b. Difficult and unclear bureaucratic structure

The bureaucratic structure referred to here is the lack of guidance from the government regarding SAK EMKM because based on interviews with researchers to MSME actors, the form of guidance and assistance carried out by the government is more in terms of production, marketing and financing, but there is still not enough guidance in terms of financial management.

Furthermore, the search results for Word Frequency Query in the NVivo 12 Plus Software from various data sources that have been imported, the word 'finance' is the word with the most frequency appearing, namely 2.10% of all research data sources, followed by the word 'report' with 1 .76% and the word 'effort' as much as 1.34% . The following figure shows the World Cloud of the 30 dominant words used in this research data source.

Picture1. World Cloud of the 30 Most Predominant Words Used in Research Data Sources
Source: Nvivo 12 Plus software

Based on the results of this analysis, it can be seen that the words Finance, Report, Inside, and Business have a larger font size because these words are often spoken in interviews and written in articles which are the source of data in this

study. In addition, the words accounting, information, recording, and application are also words that are often mentioned in research data sources. These words have a close relationship with the first word, namely Finance, Report, in, and Business. Financial reports are output in the application of SAK EMKM and the facts found from research data sources show that there are still many MSME actors who have not prepared financial reports in their business.
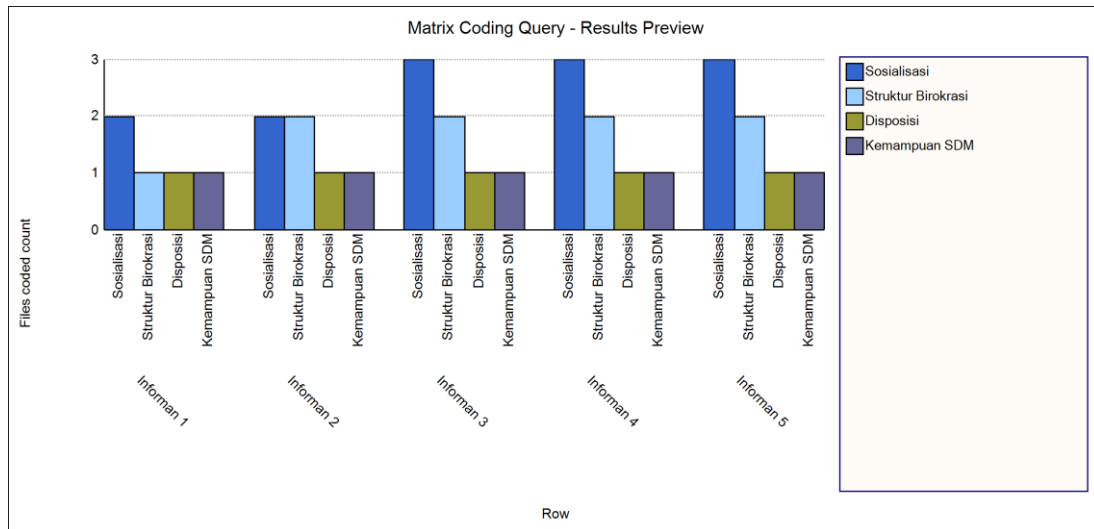
To find out the extent of the difficulties of MSME players based on research data sources, it can be seen through the Text Search Query feature. The following scheme shows the difficulties of MSMEs in compiling Financial Statements and implementing SAK EMKM in their business activities.

Picture2. World Tree of the use of the word 'difficulty' in Research Data Sources
Source: Nvivo 12 Plus software

Based on the figure, information is obtained that 'difficulty' is a word that is widely associated with finance both in recording financial transactions, using applications, and preparing financial reports. This study analyzes the obstacles in implementing SAK EMKM using the inhibiting factors, namely socialization, bureaucratic structure, disposition, and HR capabilities so that it is expected to be able to overcome the difficulties of MSME actors related to financial reporting.
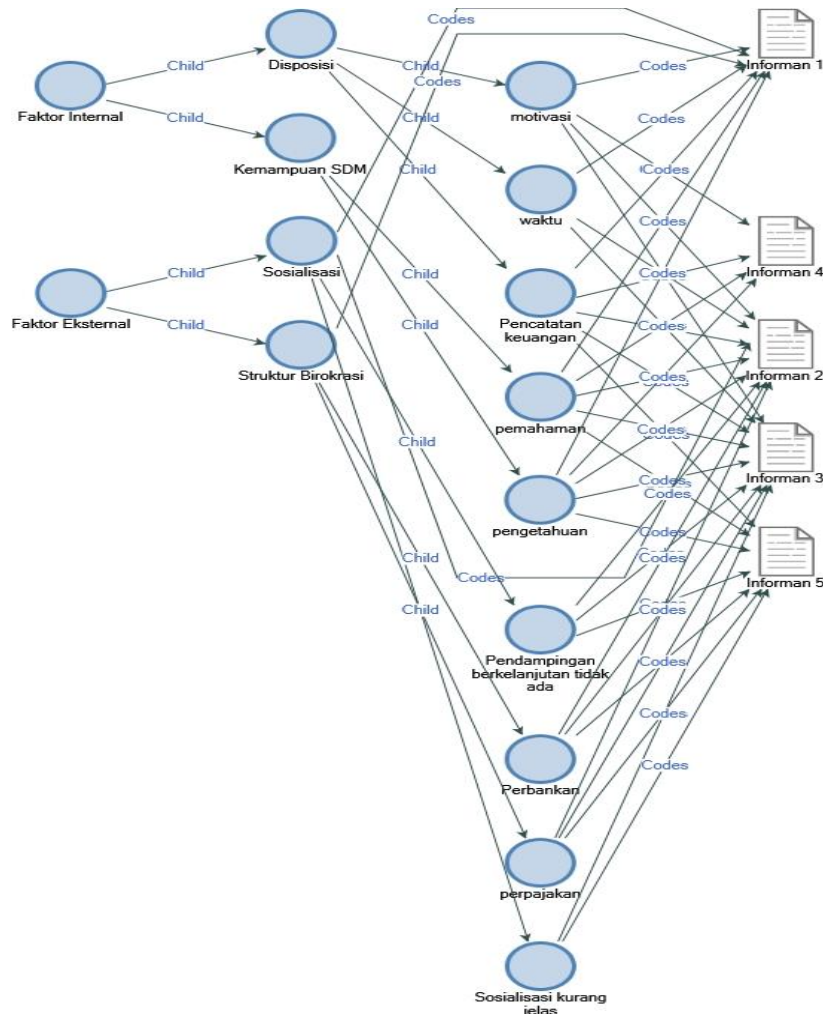
In accordance with the purpose of this study, which wanted to know the obstacles in applying SAK EMKM experienced by research subjects, this study used case classifications to arrange cases as shown in Figure 1 which clearly shows the obstacles or difficulties in applying SAK EMKM experienced by the subjects in this study.

Picture3. Factors Barring the Application of SAK EMKM Research Subjects
Source: Nvivo 12 Plus software

Obstacles related to the implementation of SAK EMKM were seen in the 5 informants in this study. Socialization became the most common inhibiting factor among research subjects, then the bureaucratic structure factor was the second most inhibiting factor followed by the disposition and ability of Human Resources (HR). Socialization and bureaucracy are included in the external factors in the classification of inhibiting factors for the implementation of SAK EMKM, this shows that the role of the government, academics, and related institutions is very important in efforts to implement SAK EMKM for MSMEs in Kupang City. This result was also supported by several informants' statements based on the results of interviews and observations which stated that understanding regarding SAK EMKM was still limited even though they had participated in socialization. Therefore,

Based on the results of interviews conducted by researchers with informants, there was a finding regarding a common opinion related to the factors that hindered the implementation of SAK EMKM. This can be seen through the Project Map in Figure 4. below. The Project Map is created referring to the coded themes that can be used to explore and present data connections.

Picture4. Project Map Based on Interview Results with Informants
Source: Nvivo 12 Plus software

The bureaucratic structure as an inhibiting factor in this study is related to the role of banking and taxation institutions. Informants in this study stated that in applying for a loan, financial reports were not required in accordance with SAK EMKM so that this was considered unimportant by MSME actors. In taxation, financial reports are attached to the Annual SPT reporting, but this is still of little concern to MSME actors because the preparation of financial reports is only done during the Annual SPT reporting period and is not carried out routinely or continuously.

Disposition as an internal factor in inhibiting the implementation of SAK EMKM. Disposition is associated with informants' motivation in implementing SAK EMKM which is motivated by the limited time for MSME actors to carry out bookkeeping because most MSMEs do not have a special bookkeeping employee and all are held solely by MSME owners/managers. Evidence of transactions that are considered incomplete also causes reluctance for informants to apply SAK

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EMKM, so that informants only record incoming and outgoing money transactions if there is no minus then it is considered a profit, and vice versa.

Another internal factor is the ability of human resources associated with informants' knowledge and understanding of SAK EMKM which is still limited even though they have participated in socialization. The informants only know what SAK EMKM is, but have difficulty applying SAK EMKM because they still don't understand how to start. The socialization activities that were attended by informants in this study basically provided a simulation of recording MSME financial transactions, but when practiced in their respective businesses many became confused so the recording was not continued. Only informants who have an educational background in accounting are able to prepare financial reports according to SAK EMKM,.

CONCLUSION

Based on the results of the research described above, it can be concluded that the obstacles in implementing SAK EMKM for MSMEs in Kupang City are mostly caused by external factors, namely unclear socialization. This is due to the socialization methods carried out by socialization organizers that are less effective and the lack of ongoing assistance also causes MSME actors to not understand the material presented. So, the solution proposed by researchers in an effort to overcome the difficulties of MSMEs in preparing financial reports after analyzing the obstacles in implementing SAK EMKM is to carry out socialization as well as ongoing assistance so that there is two-way communication between presenters and MSME actors.

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