

## The Importance of Accounting in Micro, Small and Medium Enterprises (MSMEs) of Lumpia Beef Loomer in Banda Aceh

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### Abstract

*This study aims to determine and describe the perceptions, constraints and benefits of accounting for Micro, Small and Medium Enterprises (MSMEs) Lumpia Beef Loomer in Banda Aceh. This study uses a qualitative method. The data sources used in this study consist of primary data and secondary data. This study was conducted at Lumpia Beef Loomer, Kuta Alam District, Banda Aceh City. The results of the study indicate that MSME actors of Lumpia Beef Loomer still underestimate the importance of accounting, even considering accounting to be something complicated. In fact, by recording financial reports according to Financial Accounting Standards for Micro, Small and Medium Entities, it can increase the credibility of the company and can be used as material for company evaluation. So far, Lumpia Beef Loomer business owners have only made notes, and even only made notes in the WhatsApp group, so they are not in accordance with Financial Accounting Standards for Micro, Small and Medium Entities regulations. This is triggered by several factors, namely the lack of human resources, accounting records are considered complicated, there has been no training and socialization regarding Financial Accounting Standards for Micro, Small and Medium Entities and MSME Lumpia Beef Loomer only relies on memory for financial calculations. Making financial reports actually has many benefits for MSME businesses, such as when a company needs capital assistance from external parties, then with the existence of financial reports it can be used as a reference and benchmark for external parties when they want to lend their money to the company.*

### Keywords

Accounting, MSMEs, Financial Reports, Recording

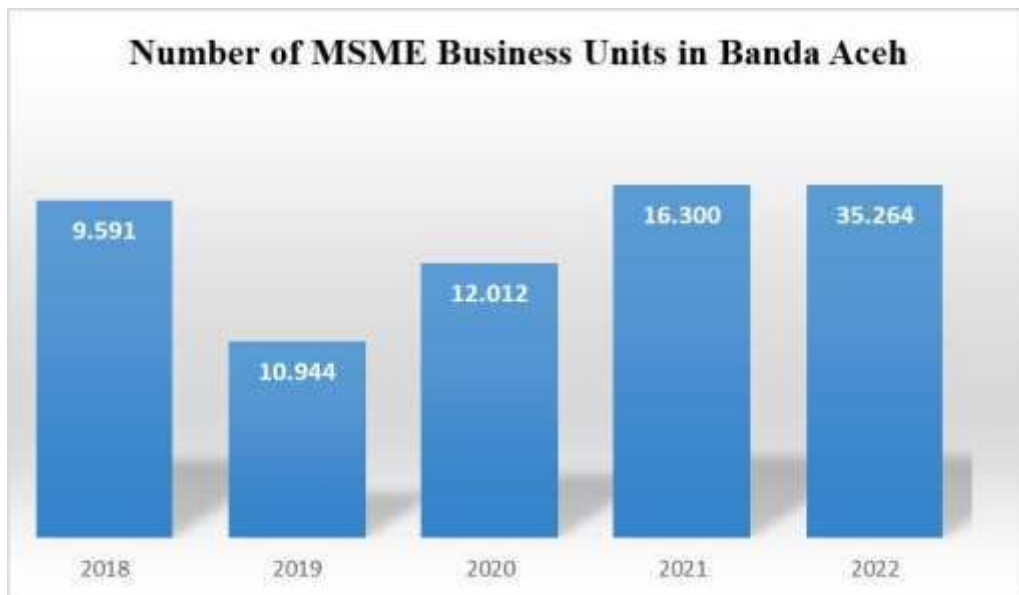


### I. Introduction

Micro, Small and Medium Enterprises (MSMEs) are one of the many types of businesses in Indonesia. The business sectors of MSMEs include culinary, fashion, agribusiness, internet technology, handicrafts, electronics, furniture, and stalls. MSMEs have limited capital because they come from owners who have small amounts of capital. MSMEs play an important role in the Indonesian economy, and support economic stability and growth, both in developed and developing countries. In developing countries like Indonesia, MSMEs are not only the backbone of the national economy but also the spearhead in job creation, poverty alleviation, and empowerment of local communities, including in Baiturahman District, Banda Aceh. According to data presented by the Central Statistics Agency (BPS), MSMEs contribute 60.5% of Gross Domestic Product (GDP) and absorb almost 97% of the national workforce.

In Aceh Province, the growth of MSMEs is quite good with data from the Aceh Province Cooperative and MSME Service, currently the number of MSMEs in the Aceh region is 74,810 MSMEs. Based on data from the Aceh Province BPS, in 2020 Banda

Aceh City as the center of the Aceh provincial economy is currently experiencing very rapid MSME growth, based on data from the Banda Aceh City Cooperative and MSME Service in 2020 there were 12,012 MSMEs, increasing in 2021 by 16,300 MSMEs, in 2022 it increased to more than double to 35,264 MSMEs. The following is a graph of the number of MSME business units in Banda Aceh.



**Figure 1.** Number of MSME Business Units in Banda Aceh

Source: Department of Cooperatives and SMEs (2023)

The increase in the number of MSME business units each year reflects the economic conditions that support the development of this sector in Banda Aceh. Factors such as government policies, infrastructure policies and local market potential can be the cause of MSME growth in a positive direction. In addition, the increase in the number of MSME business units can also be concluded as an indicator of the success of various MSME support initiatives and programs implemented during the period.

The Indonesian government, in order to help MSMEs, is trying to provide financial assistance through banks. Bank Indonesia has issued a regulation requiring banks to allocate credit/financing to MSMEs by the end of 2018 by 20% (Bank Indonesia and the Indonesian Banking Development Institute, 2015). To get a loan from a bank, MSMEs need to prepare financial reports (Warsono et al, 2010). Several previous studies have found that accounting records carried out by MSMEs are still very simple (Risnarningsih et al, 2018) and many MSMEs have not recorded their financial transactions. Financial reports are all records of transactions in a business and business within a certain period. So financial reports or bookkeeping are very necessary for MSMEs. According to the Indonesian Institute of Accountants (2020), the financial reports made are expected to be a driver of financial literacy for MSMEs in Indonesia so that it is easier to get wider access in terms of financing or capital from creditors.

Many obstacles faced by MSMEs make it difficult for MSMEs to develop, one of which is the lack of qualified and experienced human resources (Lonela et al, 2011). Another factor and the main challenge faced by MSMEs is related to fund management. Good fund management is a key factor in the success of MSMEs. A practical and effective way to manage funds in MSMEs is by implementing good accounting so that it can

provide important financial information in running the company. There are still many MSME actors who have not used accounting information optimally in their businesses or may not have implemented it at all, as well as MSMEs who assume that implementing accounting in their businesses will only complicate the work. However, in its management and practice, many MSME actors still have not done bookkeeping or recording of their business financial reports. Such as, the MSME actor Lumpia Beef Loomer. This kind of thing is certainly often found in MSMEs, because there is no awareness from MSME actors about the importance of accounting records in their businesses. MSME actors should be able to understand the benefits of accounting records, this is because an important aspect of managing a business is finance, so if financial management in a business is not managed properly, it is certain that the business will experience problems and even go bankrupt (Savitri and Saipudin, 2018).

The MSME actor of Lumpia Beef Loomer has not recorded financial reports due to a lack of knowledge and information on how to make bookkeeping or record financial reports themselves so that there is no business bookkeeping and personal and business money is not separated.

In 2016, the Indonesian Accounting Association (IAI) issued the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) which is expected to help MSMEs in preparing their financial reports properly without having to get caught up in the complexity of the current Financial Accounting Standards. SAK EMKM is a much simpler financial accounting standard when compared to SAK ETAP. For example, SAK EMKM purely uses the historical cost measurement basis so that MSMEs only need to record their assets and liabilities at acquisition cost. SAK EMKM is prepared to meet the financial reporting needs of micro, small, and medium entities. Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises can be used as a reference in defining MSMEs. The accounting required for MSMEs includes financial recording and reporting. Through financial recording and reporting, the financial position of the business can be determined, provide an overview of the company's balance sheet, facilitate the calculation of business taxes that need to be reported, and provide data information on business performance.

Similar research has been conducted by Kurniawati (2012), entitled "Implementation of Accounting in Micro, Small and Medium Enterprises (MSMEs) (Case Study in General Sudirman Shopping Center). The study concluded that transactions carried out by MSMEs in shops on Jalan Jenderal Sudirman Salatiga include sales (99.67%), purchases (64.70%), inventory (52.94%), cash in (78.43%), cash out (78.43%), costs (60.78%), and salaries (47.06%). The obstacles that hinder MSMEs in implementing accounting are educational background, never having attended accounting training and no need for accounting implementation. Meanwhile, research by Hetika et al., (2017) in their research entitled Implementation of Accounting and Its Compliance with SAK ETAP in MSMEs in Tegal City showed that small and medium businesses have not recorded business activities in accordance with the financial accounting standards of entities without public accountability (SAK ETAP). This is because of the obstacles that are often experienced, namely the complexity in preparing financial reports, in addition, some Most MSMEs do not have knowledge about accounting and SAK ETAP. Meanwhile, Yuliati et al. (2019) with the title "Implementation of Accounting in Micro, Small and Medium Enterprises (Study on Traditional Skin Cracker MSMEs in Seganteng Village). The study showed that most (68%) of MSMEs in Seganteng Village have not made financial reports due to limited understanding and ability in accounting and bookkeeping. The complexity of the accounting process and most MSMEs consider financial reports to be not important

to do. While the rest (32%) of MSMEs only make cash flow reports. However, on average, MSMEs in Seganteng have made accounting records, where 86% of MSMEs have recorded sales and purchases and 45% of MSMEs have recorded cash in and cash out.

This phenomenon shows the importance of accounting for the development of Lumpia Beef Loomer business in Banda Aceh. Based on the description above, this study aims to determine how important accounting is in Micro, Small and Medium Enterprises (MSMEs) of Lumpia Beef Loomer in Banda Aceh.

This research is expected to provide indirect contributions to MSMEs by providing information on the obstacles to the implementation of accounting faced by MSMEs in Banda Aceh, especially MSME Lumpia Beef Loomer business actors in Banda Aceh so that this report can be used as it should be to improve the quality of accounting records for MSMEs. For the development of accounting science, it is hoped that this research can be used as a reference in the development of further accounting science that is more innovative so that accounting can be applied more effectively and efficiently by MSMEs.

## **II. Review of Literature**

### **2.1 Accountancy**

In the development of the economic world, the role of accounting is very important, namely to decide something so that the activities of an organization do not experience losses. Accounting presents financial information quantitatively and relevantly to interested parties for making economic decisions, such as measuring the success of company operations in making plans for the future. The definition of accounting according to the American Accounting Association (AAA), namely: "Accounting is the process of identifying, measuring, and communicating economic information to permit information judgment and decision by users of the information". This means that Accounting is the process of identifying, measuring, and reporting economic information to allow for clear and firm assessment and decision making for those who use the information. The definition above contains two meanings, namely: 1) Accounting activities, that accounting is a process consisting of the activities of identifying, measuring and reporting economic information. 2) The usefulness of accounting that the economic information produced by accounting activities is expected to be useful in making decisions about the business.

Many parties need financial information to be used in making economic decisions. The more advanced civilization and economic activities, the more important the information is. Financial information is produced through accounting. In the information era, the role of accounting as a tool in making economic and financial decisions in a business is increasingly needed. Accounting as a system of measurement and recording in the management of economic resources (wealth) that will produce financial information. The company's financial information is intended for various parties interested in the company (stakeholders) to help them in making decisions related to the company. Therefore, accounting is often referred to as the language of the company or financial decision of language.

### **2.2 Financial Report**

Financial reports are intended for various parties interested in a business. This is intended to help them in making economic decisions related to the business. Based on these financial reports, users can assess the financial condition of the business, the success of the business in achieving its goals, and the prospects of the business in the future. Financial reports are a form of financial accountability (steadwarship) made by the wealth

manager (management) to the wealth owners (company owners and creditors) and other interested parties. Various parties interested in financial reports include owners, creditors/banks, investors, government, and employees. Because the users of financial reports are different with different interests, the preparation of financial reports must be general and impartial (general purpose statement).

At least the financial reports consist of: Financial position report at the end of the period, or balance sheet presents information about the assets, liabilities, and equity of the entity at the end of the reporting period. Elements of the financial position report according to (SAK EMKM by DSAK-IAI, 2016). a) Assets are resources controlled by the entity as a result of past events and from which future economic benefits are expected to be obtained by the entity. Assets are recognized in the financial position report when future economic benefits are probable to flow to the entity and the assets have costs that can be measured reliably. Assets are not recognized in the financial position report if the economic benefits are considered unlikely to flow to the entity even though expenditure has occurred. b) Liabilities are present obligations of the entity arising from past events whose settlement results in an outflow from the entity of resources embodying economic benefits. c) Equity is the residual rights to the entity's assets after deducting all its liabilities. Equity claims are claims to the residual rights to the entity's assets after deducting all its liabilities. Equity claims are claims against the entity, which do not meet the definition of liabilities.

The income statement presents information on the entity's performance consisting of information on income and expenses during the reporting period, and is presented in the income statement. The following is the scope of the income statement according to IAI in SAK EMKM 2016: The entity's income statement can include the following accounts: Income, Finance Expenses, and Tax Expenses. a) Income is an increase in economic benefits during the reporting period in the form of cash inflows or increases in assets, or decreases in liabilities that result in increases in equity that do not come from investor contributions. b) Expenses are decreases in economic benefits during the reporting period in the form of cash outflows or decreases in assets, or increases in liabilities that result in decreases in equity that are not caused by distributions to investors. Expenses arising in the implementation of normal entity activities include, for example, cost of goods sold, wages, and depreciation. Expenses are recognized in the income statement if a decrease in future economic benefits related to a decrease in assets or an increase in liabilities has occurred and can be measured reliably.

Notes to the financial reports prepared in ED SAK EMKM must contain a statement that the financial reports have been prepared in accordance with ED SAK EMKM, a summary of accounting policies, and additional information and details of certain accounts that explain important and material transactions so that they are useful for users to understand the financial reports. Each note to the financial reports is presented systematically as long as it is practical. Each account in the financial reports cross-references to related information in the notes to the financial reports in order to obtain precise, accurate, and relevant information.

According to PSAK 1 (Indonesian Institute of Accountants, 2017) financial reports are a structured presentation of the financial position and financial performance of an entity. The purpose of financial reports is to provide information on the financial position, financial performance, and cash flow of an entity that is useful for most users of the report in making economic decisions and showing the results of management accountability for the use of resources entrusted to them. According to the Indonesian Institute of Accountants (2018) states that non-profit entities have the following characteristics: a) The entity's resources come from contributors who do not expect repayment or economic

benefits that are commensurate with the amount of resources provided. b) Producing goods and/or services without the aim of generating profit and if the entity generates profit, the amount is never distributed to the founders or owners of the entity. c) There is no ownership as is common in profit-oriented business entities, in the sense that ownership in a non-profit entity cannot be sold, transferred or redeemed or such ownership does not reflect the proportion of the distribution of non-profit entity resources at the time of liquidation or dissolution of the non-profit entity.

### **2.3 Micro, Small and Medium Enterprises (MSMEs)**

Micro, Small and Medium Enterprises are business entities that continue to receive attention and are always prioritized by the government. According to Law Number 20 of 2008 Article 1 concerning MSMEs, Micro, Small and Medium Enterprises are as follows (ojk.go.id).

Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria, namely Assets of less than IDR 50,000,000.00 or have net assets of less than or equal to IDR 50,000,000.00 (fifty million rupiah) Have sales results of less than IDR 300,000,000.00 (three hundred million rupiah) and have annual sales results of less than IDR 300,000,000.00 (three hundred million rupiah).

Small Business is a productive economic business carried out by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or is part of either directly or indirectly a medium-sized business or large business that meets the criteria of a Small Business as follows: having assets of more than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of IDR 500,000,000.00 (five hundred million rupiah) excluding land and buildings where the business is located. Having annual sales results of more than IDR 300,000,000.00 (three hundred million rupiah) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiah).

Medium-sized businesses are independent productive economic businesses, carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or are part of either directly or indirectly with small businesses or large businesses with the following net assets or annual sales results: Have net assets of more than Rp. 500,000,000.00 (five hundred million rupiah) up to a maximum of 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business premises. Have annual sales results of more than Rp. 2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp. 50,000,000,000.00 (fifty billion rupiah).

## **III. Research Methods**

The approach used in this study is a qualitative approach where the study produces descriptive data in the form of written words from people and observed behavior. This study uses a descriptive method type, namely by describing symptoms, events, or incidents that are occurring (Sari et al., 2022). Through qualitative methods, researchers want to gain an understanding of social reality, of course related to the importance of accounting in MSME of Lumpia Beef Loomer. Creswell (2019: 12) states that qualitative research is "A method for exploring and understanding the meaning that a number of individuals or groups of people consider to come from social or humanitarian problems".

This research was conducted in Lumpia Beef Loomer, Kuta Alam District, Banda Aceh. The selection of the location is very representative of the problems experienced by

MSME business actors of Lumpia Beef Loomer related to the problem of lack of accounting knowledge to facilitate business.

The data sources used in this study consist of primary data and secondary data. Primary data is data obtained from original sources at the research location through sources who are used as informants. As for the method used to obtain primary data is by observation, interviews and documentation. Secondary data is data that is already available in advance through several existing references. According to Creswell (2019: 28) secondary data is "a source of supporting data in a study that is obtained indirectly, but through intermediary media or obtained and recorded by other parties". In this study, secondary data was obtained from books and journals related to the research theme.

## **IV. Results and Discussion**

### **4.1 Overview of Research Location**

Lumpia Beef Loomer was founded by two friends who had a vision to create unique and delicious food. Since its opening, this business has attracted many customers, especially among young people. They operate every day from afternoon to evening, which shows a commitment to meet market demand.

The beginning of the establishment of Lumpia Beef Loomer was when two friends who had just finished college wanted to earn extra pocket money. Lumpia Beef Loomer was opened on April 5, 2022, precisely in front of the Aceh Human Resources Development Agency (BPSDM), using a simple cart. Initially, the business owner planned to sell orange rice with chicken skin as the main ingredient. However, the owner faced obstacles in the time-consuming manufacturing process and difficulties in obtaining a supply of chicken skin. As a result, the plan could not be implemented.

As time went by the owner discovered inspiration through a video on a YouTube channel that shows a lumpia seller in a unique way, where the lumpia filling resembles a burger. Seeing the potential that does not yet exist in Aceh, especially Banda Aceh City, the owner is determined to try to make a lumpia business. After several trials, the owner finally managed to get a recipe that suits the desired taste and quality.

The business owner decided to start selling during the fasting month, and proudly, the owner introduced Lumpia Beef Loomer as the first product in Aceh. At the beginning of the business, only two owners worked and there were no employees.

Along with the development of the business and increasing capital, the owner was finally able to recruit two employees to help with the operational of the Lumpia Beef Loomer business. Lumpia Beef Loomer finally moved to one of the business owner's houses on Jl. Gurami No. 4. Bandar Baru, Kuta Alam District, Banda Aceh. This journey is a reflection of perseverance and innovation in facing existing challenges. By not giving up on the initial failed plan, the owner of Lumpia Beef Loomer managed to find a more attractive alternative that was in accordance with market needs. This experience also shows the importance of adaptation in the business world, where creativity and the courage to try new things can open up previously unthinkable opportunities.



***Figure 2. Lumpia Beef Loomer in Front of BPSDM***



***Figure 3. Lumpia Beef Loomer at the Home of One of the Business Owners***



***Figure 4. Spring Rolls***

## 4.2 Perception of MSMEs actors of Lumpia Beef Loomer in Banda Aceh towards Accounting

The perception of business actors can be interpreted as a process of interpreting information stimuli that have been obtained in order to understand the business environment and its surroundings, accounting information is used as a tool in measuring the achievement and improvement of performance in a certain period (Anggraeni & Tumirin, 2022). Perception is the act of an individual interpreting and giving meaning to the environment. A business actor should have a view or perception that accounting has many benefits in the business world so that it can provide economic information for a company for decision making and describe conditions or circumstances from one period to the next (Afrianti & Halim, 2021).

The results of the researcher's interview with the owner of the Beef Loomer spring roll business, namely SF, said that:

"Although we do not have a formal educational background in accounting, we realize how important good financial records are."

In line with SF's explanation, OJ, who is also a business owner, said the same thing regarding accounting perceptions, explaining that:

"Me and my friend SF, as well as the employees. We know very well that accounting or managing finances is important for our business to grow. However, we do not fully understand the correct way of accounting."

The results of interviews with two owners of the Lumpia Beef Loomer MSME business can be concluded by researchers that they are aware of the importance of good financial management.

By recording financial reports, companies can grow faster with new strategies in facing business competition. Seeing the problems in MSME businesses in recording their financial reports, the Micro, Small and Medium Entities Accounting Standards Board was inspired to issue the Micro, Small and Medium Entities Accounting Standards as a form of its responsibility to the business world. SAK EMKM is designed as a simple accounting standard, which can be used for micro, small and medium entities, so that MSMEs can prepare financial reports to meet accountability and decision-making objectives (Widodo et al., 2020).

The understanding of MSMEs related to accountability is not as expected by standard makers. MSME actors interpret accountability not as a form of responsibility to external parties. This is a benchmark that MSME actors have not prioritized recording financial reports as implied financial information. Whereas accountability is very important to form an increase in the credibility of the company in borrowing funds to increase its business (Widyatama & Yanida, 2016).

Factors that influence perception are:

1. Level of education: MSMEs with higher levels of education tend to have a better perception of the importance of accounting.
2. Business Experience: Experience in business can increase awareness of the importance of financial information produced by accounting.
3. Business Scale: The larger the scale of the MSME business, the greater the possibility that business actors will realize the need for more formal accounting.

4. Socialization and Training: Lack of socialization and accounting training organized by related parties can be a factor in low understanding and positive perception of accounting.
5. External Requirements: Demands from external parties such as banks or investors are often the main driving force for MSMEs to start recording their finances.

### **4.3 Obstacles faced by MSME actors of Lumpia Beef Loomer in Banda Aceh in Implementing Accounting**

Not a few MSME actors feel difficulty in preparing financial reports according to Financial Accounting Standards (SAK). This is supported by several factors including low education and lack of knowledge about SAK (Lestari, 2014). Several factors that are obstacles are as follows:

#### **a. Limited Human Resources**

The limited capabilities of human resources, both in terms of formal education and skills in managing their business, can affect business units which will find it difficult to develop optimally.

The accounting recording standards issued by the IAI (Indonesian Institute of Accountants) for MSMEs are using SAK EMKM. These standards are expected to simplify accounting recording carried out by MSMEs. However, MSME Lumpia Beef Loomer revealed that they did not understand SAK EMKM, such as the results of the researcher's interview with one of the business owners, that:

"I have heard about the term SAK EMKM. But honestly I don't understand how to practice it. I don't understand how to record it, there are no employees here who understand about recording according to EMKM. We usually just record how much is sold on paper, sometimes just make notes in the WA group."

The results of the researcher's interview with one of the Lumpia Beef Loomer employees stated that:

"I don't understand how to record the accounting. I still don't understand accounting, how can I record it. What's important is that when we finish selling, we hand over the money to the owner, to be deposited into the bank and to buy ingredients for the next day."

Based on several interview results, researchers found that MSME Lumpia Beef Loomer is still reluctant to make simple accounting records or financial report records in accordance with SAK EMKM due to the lack of knowledge about SAK EMKM. So that this is a major obstacle for MSME Lumpia Beef Loomer.

#### **b. Accounting Recording**

Accounting records must pay attention to several things, for example accuracy and precision because this accounting is a very detailed data and later must be accounted for. However, this makes MSME actors not do accounting records because such things make MSMEs feel difficult and feel that this accounting only makes it complicated and takes more time. As expressed by one business owner named SF, that:

"In my opinion, accounting records are very important, so that we know how much net profit we get from selling spring rolls. But for me it's too complicated because we have to be really careful when preparing financial reports and it takes quite a bit of time."

This is also in line with the results of an interview with a business owner named SF, in line with this, the business owner OJ also said that:

“Accounting is complicated, it has to be in accordance with the rules, it has to be in accordance with the time, because we have to record all our income and expenses, while my friend and I also work, and our employees are also final semester students who are busy with their assignments, so there is no time to make accounting records that meet standards.”

Based on several interview results from the two owners of the beef loomer lumpia business, it can be concluded that they think that standard accounting records are complicated. Not only that, they are also constrained by time because they have other activities.

#### **c. Lack of Socialization and Training of SAK ETAP Accounting for MSME of Lumpia Beef Loomer**

Sometimes some MSMEs are not aware of the importance of accounting records, especially MSME Lumpia Beef Loomer. They assume that accounting records are not that important to them, due to the lack of information they get.

The employees and the two owners of the Loomer Beef Lumpia business revealed that they had never received any information about accounting, he said:

"There has never been any socialization, since we established this spring roll business, we have never received any socialization, actually this kind of socialization is very important for us as MSME business owners."

Based on the interview above, the researcher can conclude that there is still a lack of socialization and training for MSMEs so that MSME business owners still have difficulty in understanding the recording of financial reports in accordance with SAKEMKM. Whereas SAK EMKM plays a very important role for the continuity of business in MSMEs.

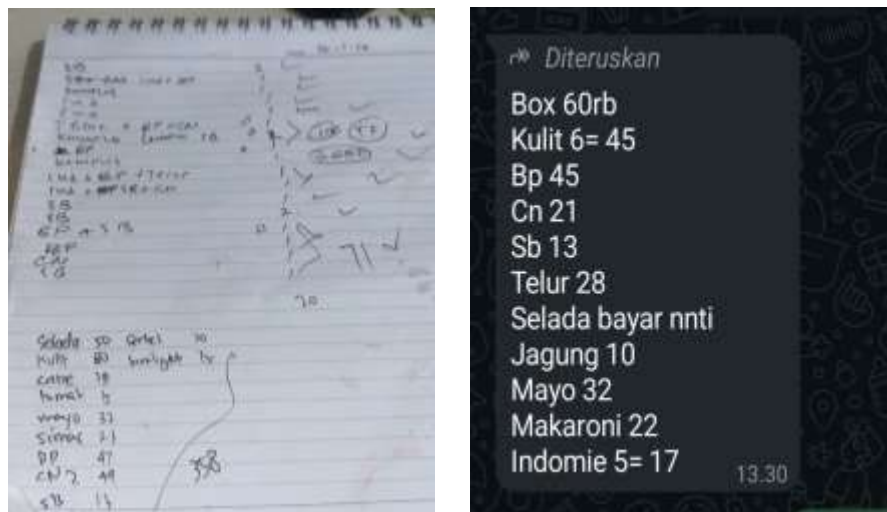
#### **d. MSMEs Rely on Memory for Financial Calculations**

Accounting is a record-keeping related to finance, SAK EMKM is a standard of accounting used by MSMEs. However, there are some MSMEs, especially MSME Lumpia Beef Loomer who only rely on their memory to do their financial calculations.

The Lumpia Beef Loomer business actor only relies on memory to calculate his company's finances without using certain documents because he thinks it is easier. As expressed by the informant SF as one of the business owners, he said that:

"Here we never record the expenses that occur, I only estimate my finances because for employee salary expenses, electricity, water, operational expenses or others, just remember them, no need to bother writing them down, sometimes I only record the items that need to be purchased."

Based on the results of interviews with the informants, it can be concluded that business owners believe that financial management with memory is a solution that is considered not complicated to do and does not take time.



*Figure 5. Example of notes and WhatsApp*

#### **4.4 Benefits of good accounting for MSME actors of Lumpia Beef Loomer in Banda Aceh**

Not many MSMEs know the benefits and uses of financial reports in their businesses. In the scope of MSMEs, only a few understand that accounting records or making financial reports that are rapid and in accordance with SAK standards are very important. In fact, bookkeeping or financial reports are the key to success for business actors who want to expand their business. Financial records in MSMEs are very important for developing a business, by making records it can help MSMEs that need capital from external parties or banks. Financial records that are made carefully can help business owners to control their business finances, so that the business can be run properly.

The benefits of financial reports for MSMEs can be a provider of information used by stakeholders to consider decision making, and various parties can find out financial reports to complement certain information, as well as show accountability for actions taken by management for the resources entrusted to it (Febriyanto et al., 2019).

Good and proper business financial management can provide many benefits for MSMEs. For example, to find out the real condition of business finances, regulate and control financial transactions that occur throughout the continuity of the business as a whole and be able to measure sales targets for the future. Another benefit is that MSMEs can use company cash properly and focus on spending only on materials and tools that are really needed in the production process (Istanti et al., 2020).

The results of the study show that although the understanding of MSME lumpia beef loomer towards accounting is still limited, they are beginning to realize the benefits of structured financial records. Financial reports help business actors in maintaining the stability of business finances, as well as opening access to external financing, including sharia financing. This finding is in line with the theory of the benefits of financial reports according to Harahap (2015) that financial reports function as a tool for decision-making and business financial control.

## V. Conclusion

MSME actors of Lumpia Beef Loomer still underestimate the importance of accounting, even considering that accounting is something complicated. In fact, by recording financial reports according to SAK EMKM standards, it can increase the credibility of the company and can be used as material for company evaluation. So far, Lumpia Beef Loomer business owners have only made notes, and even only made notes in WhatsApp groups, so they are not in accordance with SAK EMKM regulations. This is triggered by several factors, namely the lack of human resources, accounting records are considered complicated, there has been no training and socialization regarding SAK EMKM and MSME of Lumpia Beef Loomer only relies on memory for financial calculations. Making financial reports actually has many benefits for MSME businesses, such as when a company needs capital assistance from external parties, then with the existence of financial reports it can be used as a reference and benchmark for external parties when they want to lend their money to the company.

## Suggestions

1. For MSMEs, researchers suggest that those who have not done the recording, researchers suggest to do accounting recording. Because recording accounting in MSMEs has many benefits. One of them is that MSMEs will know and be facilitated in decision making, even to see the profits they get. Actually, accounting is not complicated if you have.
2. Advice for the government, currently many MSMEs are complaining about how to calculate profits, researchers hope that there are several activities carried out by the government in an effort to improve the quality of MSMEs, one way is to hold training in making financial reports, and to hold socialization to MSMEs regarding the importance of accounting records.
3. For further researchers, there are many things that need to be improved in this study, due to the limited time and ability of researchers in conducting this study. Researchers hope that in future research, it can be better than this study, and many data will be found in further research. Because researching the constraints of MSMEs will develop a lot in accordance with several increasingly advanced technologies. If there are many shortcomings in this study, then it is indeed a limitation of the researcher.

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