

Impact of Mixed Household and Business Financial Statements on MSMEs JIE TOOM Grati Pasuruan

Yuliati¹⁾, Sudarmiatin²⁾, Agus Hermawan³⁾

¹⁾Program Doktor Ilmu Manajemen, Fakultas Ekonomi, Universitas Islam Maulana Malik Ibrahim Malang

^{2,3)} Program Doktor Ilmu Manajemen Universitas Negeri Malang

*Corresponding Author

Email : yuliati.2204139@students.um.ac.id

Abstract

Poverty as a reason for the need to empower MSMEs. The problem that arises in the field is the still mixing of household financial statements with business financial statements which makes it difficult to find out the real development of MSMEs. Bookkeeping for MSMEs is needed so that financial statements are more structured. Research with a descriptive qualitative approach, researchers go directly to MSMEs. The results of Jie Toom's MSME research still require intensive assistance related to making simple financial reports. So that later MSMEs will be able to independently compile books that are useful for knowing the real development of MSMEs. Unfortunately, most MSMEs only focus on marketing and product development activities. Many MSMEs still think that this bookkeeping is not very important.

Keywords: MSMEs, Mixing, Financial Statements

INTRODUCTION

Various ways are carried out to boost the community's economy. Various regions are competing to revive the spirit of entrepreneurship to be able to become winners in a tense situation after the pandemic. Likewise, what happens in Pasuruan Region both City and District, grammar check. Regional heads are moved to foster interest in improving the economy of the community which was ravaged by the Covid outbreak. Pasuruan Mayor Saifullah Yusuf or commonly known as Gus Ipul has a special way to accelerate economic recovery after the pandemic, one of which is by increasing activities every year 24 times. Economic sectors that are expected to move quickly are tourism and MSMEs. (Surya:2022)

Recording financial statements is very important for business actors, because financial statements can give us how the direction of the business we do can provide profits or losses. There are still many Micro, Small and Medium Enterprises (MSMEs) who cannot distinguish between personal financial records and business finances that are being run. If this continues to happen and there is no literacy education for Micro, Small and Medium Enterprises (MSMEs), it can harm MSME actors and the non-development of their businesses. (Anggreini:2022) Real conditions occur in the context of households of MSME actors, often household finances are mixed with business financial affairs. So that when the financial condition of the household is disturbed, for example due to the event that a family member is sick and requires large medical expenses, Some business actors complain about the difficulty of continuing business operations because the funds are used. They are forced to find loans or go to pawn offices so that they can get fresh funds to buy raw materials, transport costs, or pay employees to continue business operations.

That is the importance of us preparing family financial planning, namely so that the use of our finances can be more controlled and the influence of household financial turmoil on the smooth running of business operations can also be minimized. Vice versa, so that business financial turmoil does not interfere with the smooth running of household finances. This is

increasingly important, especially for MSME players whose main source of household income is from business, in other words, doing business is not just a whim to get a side income.

MSMEs are productive businesses owned by individuals and business entities that meet the criteria as micro-enterprises. Financial statements are a form of MSME accountability even though it is still a micro-business category. Financial statements are records of financial information of an entity that can describe the performance of the MSME in an accounting period. Financial reports are made to present information about the performance of MSMEs and are useful for making business decisions. There are various strategies that need to be carried out so that the business that was initiated can develop and be successful. One of the ways that MSMEs must do is to compile financial statements that can produce relevant, reliable, comparable, and understandable financial statements. Currently, financial reporting standards for MSMEs use SAK EMKM (Financial Accounting Standards for Micro, Small and Medium Entities). (Purwantiningsih:2022).

One of the MSMEs located in the Grati area of Pasuruan Regency is Jie Toom. Taking the name of MSMEs from the owner whose original name is Hajjah Tuminah by being modified into an MSME brand abbreviated as Jie Toom so that it is easily known to the wider community. Established in 2019, it started from the idea of utilizing fish products that are quite abundant in the Ranu Grati area then processed into snacks that are quite diverse and healthy. The only area in Indonesia with fish species is Medan anchovies but the Grati area names it Lempuk. Jie Toom MSMEs are one of the MSMEs that have a fairly high development potential so that in 2022 they will get government assistance in the form of coolers for MSME production. There are around 28 products produced by MSMEs in the form of processed lempuk and other products. Processed lempuk includes 13 products, namely fresh lempuk, krispi lempuk, sambal goreng lempuk, sambal lempuk, dry lempuk, crackers lempuk, peyek lempuk, pepes lempuk, rengginang lempuk, pentol lempuk, botok lempuk, bobor lempuk, and sempol lempuk. In addition, there are 15 other products that are also produced, namely squid sauce, onion sauce, squid rengginan, onion rengginang, fish rengginan, shrimp rengginang, processed petis poke, processed jengkol, vegetable botok, processed other dishes, various snacks, catfish nuggets, catfish meatballs / tofu, crispy catfish, and fruits.

The main problem of Jie Toom MSMEs is that existing human resources do not have a good understanding of accounting so that financial records are only carried out in four books written manually, namely material stock books, material purchase books, production stock books, and production process books. These four books only describe the inventory owned by MSMEs, so stakeholders will have difficulty making financial decisions of entities. Jie Toom's financial statements should be in accordance with the SAK EMKM, namely balance sheet, profit and loss, and CALK statements.

This can be overcome by providing financial literacy to mothers of Micro, Small and Medium Enterprises (MSMEs) by providing financial literacy, teaching mothers of Micro, Small and Medium Enterprises (MSMEs) to record finances in detail and clearly. Simple recording writing can be done in a way as simple as writing the date of purchase of raw materials for production both in units products as well as as a whole by creating simple tables that can be understood by ordinary people. Then write down the profits or results obtained in the process of running a business both daily and monthly. Because no matter how small the results obtained if collected will be a lot.

Not only that, to create real financial reports for mothers of Micro, Small and Medium Enterprises (MSMEs) need to create an account for the business they run. Because from this we can see how the business performance we run. And can allocate emergency funds for the business being run.

RESEARCH METHODS

This research was conducted with a descriptive qualitative approach. Qualitative research objectives generally include information about the main phenomena explored in the study, research participants and research locations. (Creswell:2015).

Researchers plunged directly into Jie Toom MSMEs located in Grati, Pasuruan Regency, the location is easily accessible close to toll access to Probolinggo. Data triangulation is carried out more closely with the object of asking MSME actors Jie Toom starting from the business owner Mrs. Hj. Tuminah assisted by her husband for marketing and packaging design carried out by her son named Andi.

RESULTS AND DISCUSSION

Basically, in preparing family financial planning, we need to draw up household budgets. The budget consists of two components, namely income and expenditure. Regarding income, it is better for MSME actors to separate household finances from their businesses by paying, renting housing facilities, and sharing profits with their own businesses.

According to data from the Ministry of Cooperatives, Small and Medium Enterprises (KUKM) in 2018, the number of MSME actors was 64.2 million or 99.99% of the number of business actors in Indonesia. The absorption capacity of MSME workers is as much as 117 million workers or 97% of the absorption of the business world's workforce. Meanwhile, the contribution of MSMEs to the national economy (GDP) was 61.1%, and the remaining 38.9% was contributed by large business actors, which amounted to only 5,550 or 0.01% of the number of business actors.(Anggreini:2022)

These MSMEs are dominated by micro-business actors which amount to 98.68% with a workforce absorption of around 89%. Meanwhile, the contribution of micro-enterprises to GDP is only about 37.8%. If this is not resolved properly, it will have an impact on the regional economy. Because based on existing data, Micro, Small and Medium Enterprises (MSMEs) can help economic growth even though gradually.

The results of the written financial statements can tell whether the business being run is still feasible to continue to do or experience losses and further analysis is needed. It is hoped that by doing good and correct financial records, it can help mothers of Micro, Small and Medium Enterprises (MSMEs) in developing their businesses, both adding variants of business products, adding employees and can add insight to the mothers of Micro, Small and Medium Enterprises (MSMEs). After all, all MSME business actors have the same opportunity to develop their business as the government has facilitated various conveniences in the siege of licensing to run their business. Bookkeeping for MSMEs is needed so that financial statements are more structured. Unfortunately, most MSMEs only focus on marketing and product development activities. Many MSMEs still think that this bookkeeping is not very important.

Based on law No. 20 of 2008, MSMEs are distinguished according to their respective criteria including micro enterprises, small businesses and small and medium enterprises. Making financial reports in the MSME sector is very important because in addition to being able to control business operational costs so that they know business profit and loss, know accounts receivable, and take into account taxes. The MSME sector in Indonesia is one of the fields that makes a significant contribution in spurring Indonesia's economic growth. This is due to the absorption of SMEs to a very large workforce and close to small people. If MSMEs

have not prepared good financial statements, it will cause the following: a) MSMEs will not be able to know how their business is developing in real terms, MSMEs only know their business development based on estimates and wishful thinking. b) MSMEs will find it difficult to access credit from banks, which affects business development. Financial statements generated from accounting records are very helpful for MSME owners in analyzing changes in working capital structure, investment decisions, income generation, cost expenditures, and net profit generated from ongoing business activities. By comparing financial statements from year to year, MSME owners will get important information about what is already good and what is still necessary. The economy has not fully risen after the Covid-19 pandemic hit all sectors in Pasuruan Regency. However, not all business actors there suffer, as long as they are willing to rack their brains to find new businesses and follow the needs of the community. (Surya:2022).

One of these business actors who managed to rise is Jie Toom MSMEs whose business was established starting in 2019. The idea arose so that the fish could be sent out of town. Finally succeeded until now it can serve offline and online consumers. (<https://smesta.kemenkopukm.go.id/listing/18426>). This MSME is one of the MSMEs that has a fairly high development potential so that in 2022 it will get government assistance in the form of coolers for MSME production. There are around 28 products produced by MSMEs in the form of processed lempuk and other products. Processed lempuk includes 13 products, namely fresh lempuk, krispi lempuk, sambal goreng lempuk, sambal lempuk, kering lempuk, crackers lempuk, peyek lempuk, pepes lempuk, rengginang lempuk, pentol lempuk, botok lempuk, bobor lempuk, and sempol lempuk. In addition, there are 15 other products that are also produced, namely squid sauce, onion sauce, squid rengginan, onion rengginang, fish rengginan, shrimp rengginang, processed petis poke, processed jengkol, vegetable botok, processed other dishes, various snacks, catfish nuggets, catfish meatballs / tofu, crispy catfish, and fruits. The process of making products is carried out according to the type, for example, the process of making rengginang is carried out together, both rengginan lempuk, squid, garlic, fish, or shrimp. The difference from such products is the finishing process according to the predetermined taste.

The management process is also carried out by maintaining halal policies. This is a reflection of the halal commitment that is trying to be internalized in the Jie Toom MSME group. This policy is written in a large banner containing an inscription about the commitment of halal policy, namely "We are committed to only producing halal products using only materials that have been approved by LPPOM MUI and produced using equipment that is free from uncleanness. We will achieve this by establishing a halal management team and taking seriously all operational procedures." In addition to the commitment, the banner also mentions the definition and practice of implementing SJH.

The accounting recording process at UMKM Jie Toom is carried out in four notebooks, namely production stock books, production notebooks, material stock books, and material purchase books. The four books show that the focus of recording is the supply of both raw materials, materials in process, or finished goods. The book contains the date of purchase, the name of the material, the amount of incoming material, the amount that came out, and the remaining materials in one production process.

The impact of detailed inventory recording is good stock control in the production process so that it is useful in making purchasing decisions and where inventory is delivered the fastest to sell. Nonetheless, the record cannot describe appropriate financial reporting because it cannot inform the amount of cash, the amount of receivables, fixed assets owned, other assets, MSME obligations both to individuals and banks, the amount of capital invested, and

the profit or loss on MSME activities. Therefore, the next sub-chapter will explain the financial statements of Jie Toom MSMEs in accordance with the SAK EMKM.

The next report that Jie Toom has to make is the income statement. The Income Statement presents information on the financial performance of an entity that includes Income and Expenses. Income is an increase in economic benefits during the reporting period in the form of cash inflows or an increase in assets, or a decrease in liabilities resulting in an increase in equity that does not come from the contribution of investors. Expenses are a decrease in economic benefits during the reporting period in the form of cash outflows or a decrease in assets, or an increase in liabilities resulting in a decrease in equity not caused by distribution to investors. The minimal accounts in the income statement are Income, Financial expenses, and Tax expenses

CONCLUSION

Limited funds and limited understanding of accounting and its benefits cause accounting records in MSMEs to be carried out in an unsystematic manner and the information is not used for making various important company policies. In order to provide an overview and assistance in simple financial management for MSMEs in the fishery business sector "Jie Toom". The results of the mentoring show the enthusiasm of MSME actors in the mentoring process and high motivation to make simple financial reports. The need for intensity of learning to MSMEs in depth about financial statements so that an understanding of the preparation of financial statements can help the community easily to make them.

REFERENCES

- Abdulsaleh, A. M., & Worthington, A.C. 2013. Small and Medium-Sized Enterprises Financing: A Review of the Literature. *International Journal of Business and Management*, 8(4): 36-54.
- Ahmad, Afzal. 2015. Lobbying in Accounting Standard Setting. *Global Journal of Management and Business Research (D)*, Volume 15 Issue 3 Version 1
- Astika, P.I.B. 2008. *Kontribusi Teori Kepentingan Kelompok dalam Standar Akuntansi Keuangan (Suatu Kajian Literatur)*.
(<http://ejournal.unud.ac.id/?module=detailpenelitian&idf=33&idj=42&idv=167&idi=202&idr=1235>), diakses 15 Juni 2017
- Adair, Philippe, dan Mohamed Adaskou. 2015. Trade-off-theory vs. pecking order theory and the determinants of corporate leverage: Evidence from a panel data analysis upon French SMEs (2002–2010). *Journal Cogent Economics & Finance Volume 3, 2015 - Issue 1*
- Ayed, Wafa Hadriche Ben, dan Sonia Ghorbel Zouari. 2014. Capital Structure and Financing of SMEs: The Tunisian Case. *International Journal of Economics and Finance; Vol. 6, No. 5; 2014*
- Bank Indonesia. 2015. *Profil Bisnis Usaha Mikro, Kecil, dan Menengah*. Jakarta; Lembaga Pengembangan Perbankan Indonesia
- Beaver, W. H. 1989. *Financial Reporting; An Accounting Revolution, Second Edition*. New Jersey: Prentice Hall
- Belkaoui, A.R. 2012. *Teori Akuntansi Edisi 5 Buku I Cetakan ke 2*. Jakarta: Salemba Empat.
- Bungin, Burhan. 2012. *Analisis Data Penelitian Kualitatif*. Jakarta: Rajawali Pers

- Cahyono, Aris Tri. 2011. Meta Teori Standar Akuntansi di Indonesia – Menuju Konvergensi SAK di Masa Globalisasi. *Jurnal Ekis*, 2 (7); 1816 - 2000
- Creswell, J.W. 2015. *Penelitian Kualitatif dan Desain Riset (Pemilihan di Antara Lima Pendekatan)*, Edisi 3. Yogyakarta: Pustaka Belajar
- Day, J. 1986. *The Use of Annual Reports by UK Investment Analysis*. Accounting and Business Research, 339-307
- Deegan, C. 2017. *Financial Accounting Theory Chapter 3: The Regulation of Financial Accounting*. Australia: McGraw-Hill Australia Pty limited NSW.
- Hamilton, R. T., & Fox, M.A.1998. The Financing Preferences of Small Firm Owners. *International Journal of Entrepreneurial Behaviour & Research*, 4(3): 239-248.
- Hanum, Z. 2013. Pengaruh Persepsi Usaha Kecil atas Informasi Akuntansi Keuangan Terhadap Keberhasilan Perusahaan (Survei pada Usaha-Usaha Kecil di Medan). *Jurnal Riset Akuntansi dan Bisnis*. (Vol. 13 No. 2, 219-250)
- Harbiansyah, O. 2008. Pendekatan Fenomenologi: Pengantar Praktik Penelitian dalam Ilmu Sosial dan Komunikasi. *Mediator*. (Vol. 9, No. 1, 163 – 180)
- Kasmir. 2018 *Bank dan Lembaga Keuangan Lainnya*. Jakarta: PT. Raja Grafindo Persada
- Kieso, D.E., Weygandt, J.J., & Warfield, T.D. 2008. *Intermediate Accounting , IFRS Edition*.Amerika Serikat
- John Wiley and Sons, Inc.Kim, O, dan R.E, Verrecchia. 2017. Pre-announcement and Event-Period Private Information.*Journal of Accounting and Economics*, 24
- <https://duta.co/literasi-keuangan-untuk-ibu-ibu-rumah-tangga-pelaku-umkm>
- <https://smesta.kemenkopukm.go.id/listing/18426>
- <https://www.kjaatik.id/blogumkm-2/>
- <https://www.surya.co.id/>
- Tanjung, 2017, *Koperasi dan UMKM sebagai Fondasi Perekonomian Indonesia*, Penerbit Erlangga, Jakarta
- Scott, W.R. 2021. *Financial Accounting Theory Fifth Edition*. Ontario: Pearson Prentice Hall Canada Inc.