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PHENOMENOLOGICAL STUDY OF THE APPLICATION OF FINANCIAL ACCOUNTING SAK EMKM IN MSMEs PADANG RESTAURANTS IN KALISARI VILLAGE, PASAR REBO, JAKARTA TIMUR

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Abstract

This study aims to determine the application of SAK EMKM accounting records in Padang Restaurant MSMEs in the Kalisari area. This research uses qualitative research with primary data collection in the form of interviews and observations and secondary data obtained from direct supporting sources, such as financial documents, books, or references related to SAK EMKM. In this study using semi-structured interview techniques and in-depth interviews. The observation technique used is participant observation. The sampling technique in this study used purposive sampling consisting of seven Padang Restaurant business owners located in Kalisari Village. The results of this study indicate that the financial recording system of MSMEs Padang Restaurant in Kalisari Village is carried out manually and simply. This is because there are obstacles such as: (1) Low levels of education and productive age of business actors, (2) Lack of human resources who are experts in the field of accounting. (3) Low awareness of the importance of financial reports, and (4) Lack of appropriate socialization and training. The suitability of the application of SAK EMKM in MSMEs is still very low, with financial reports that are incomplete and do not meet standards, which can result in a lack of understanding, time, energy, and accounting assistance.

Keywords: Accounting Implementation Recordin, SAK EMKM, Finance Statements, MSMEs.

BACKGROUND

The Indonesian Institute of Accountants (IAI) has issued Financial Accounting Standards intended specifically for MSMEs. The development of accounting standards in Indonesia began in 1973. However, the need for simpler standards for MSMEs was only addressed with the issuance of SAK ETAP in 2009. SAK ETAP was still considered too complex for most MSMEs; therefore, on 18 May 2016, the Financial Accounting Standards Board (DSAK) of IAI approved the Exposure Draft of SAK EMKM. Consequently, SAK

EMKM came into effect on 1 January 2018. SAK EMKM is a financial accounting standard usable by entities that meet the definition of entities without significant public accountability, as regulated under SAK ETAP and characterized according to Law No. 20 of 2008 on Micro, Small, and Medium Enterprises (MSMEs). With SAK EMKM, MSMEs can prepare financial statement components minimally consisting of a statement of financial position, an income statement, and notes to the financial statements, so that the entity's financial records should present complete financial reports (Indonesian Institute of Accountants, 2018).

In reality, the demand for SAK EMKM among MSMEs is still very low, and it is considered burdensome for small and medium enterprises. This can be seen from specific data found in studies showing that only a small portion of the MSMEs surveyed apply SAK EMKM. For instance, research in Tanjungbalai found that out of 98 MSMEs surveyed, only 12 (around 12%) applied SAK EMKM (Utari R, 2022). In Sidoarjo City, approximately 20% of MSMEs operators perform bookkeeping according to SAK EMKM, while the remaining 80% have not implemented it due to lack of understanding (Siregar, 2021). In Mataram City, about 90% of MSMEs operators have not applied SAK EMKM, whereas around 10% have (Kartika et al. 2021). The Implementation of SAK EMKM in Gorontalo City shows results of 40.30%, categorised as a small portion applying SAK EMKM (Ahmad et al, 2022). This poses a major problem that becomes a focus in MSMEs development regarding financial management. The main issues experienced by MSMEs in Indonesia include lack of understanding and education, limited human resources, insufficient socialisation and mentoring, prioritising operational activities, and the frequent mixing of personal and business finances found among MSMEs (Manehat & Sanda, 2022)

In 2024, the implementation of SAK EMKM in Indonesia remains valid and applied. SAK EMKM is designed to help MSMEs prepare simpler and more relevant financial reports. Its primary aim is to increase accountability and improve MSMEs access to formal financing, as standardised financial statements make it easier for banks or other financial institutions to assess MSMEs creditworthiness. This aligns with government efforts to promote growth in the MSMEs sector, which serves as the backbone of the national economy. Despite ongoing application, challenges remain in implementation. A key obstacle is the lack of understanding and awareness among MSMEs operators regarding the importance of proper financial record-keeping. Many MSMEs still run their businesses with simple bookkeeping or no bookkeeping at all. Additionally, limited resources and access to competent accountants are barriers. Continuous education and training from various parties, such as the government, business associations, and universities, are essential to enhance adoption of SAK EMKM among MSMEs.

According to data from the Indonesian Chamber of Commerce and Industry (KADIN), in 2023 the number of MSMEs in Indonesia reached 66 million, showing growth of 1.52% compared to the previous year. Data on MSMEs growth over the past five years reveals fluctuations, starting from 64.19 million in 2018, followed by an increase to 65.47 million in 2019. This demonstrates the significant impact and contribution of MSMEs in reducing unemployment in Indonesia (Kadin Indonesia, 2025)

Most state revenue is supported by small-scale economic activities. MSMEs is one of the largest economic movers in Indonesia, providing evidence that MSMEs dominates the economy and acts as the backbone of the national economy. Developing countries also regard MSMEs as important alternatives for communities to enhance their economy for three main reasons: first, MSMEs tend to perform better in creating productive employment; second, MSMEs often increase productivity through investment and technological changes as part of their dynamism, third, MSMEs are often considered to have advantages over large companies in terms of flexibility (Afrianti & Halim, 2021).

The results of previous research conducted by Yulianti, Wardah, & Widuri, (2019) in his research entitled Application of Accounting in Micro, Small and Medium Enterprises (Study on Traditional Leather Crackers MSMEs Seganteng Village) with the results of his research state that most (68%) MSME players in Seganteng Village have not made financial reports due to limited understanding and ability about accounting and bookkeeping. The complexity of the accounting process and most MSME actors consider that financial reports are not an important thing to do. While the rest (32%) of MSME players only make cash flow reports. However, on average, MSMEs in Seganteng have made accounting records, 86% of MSMEs have recorded sales and purchases and 45% of MSMEs have recorded cash in and cash out.

Research by Sholihat & Hairudin (2021) in their research entitled Analysis of the Implementation of MSME Financial Statements Based on Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM) (Case Study on 7 Saudara MSMEs) from the results of their research stated that most MSMEs that are growing rapidly in their business make capital loans to banks and get capital assistance from outside parties (investors). But unfortunately, not all MSMEs can easily make loans to banks or capital assistance from outside parties (inventors), because there are several requirements that must be met by MSME owners. One of the requirements requested is a Financial Report in accordance with the Financial Accounting Standards for Micro, Small and Medium Entities. And for Indragiri Hulu Regency, there are still many who do not understand reporting in accordance with SAK-EMKM which came into effect in 2016. Therefore, it is necessary to examine what factors cause MSMEs to not maximally apply SAK EMKM as a reference for them to prepare financial reports.

With this in mind, the author is interested in selecting the object of study as the Padang restaurants located in Kalisari Ward. Padang restaurants are an Integral part of the MSMEs sector in Indonesia, particularly within the culinary industry. Although SAK EMKM has been introduced by the Indonesian Institute of Accountants (IAI) to facilitate MSMEs in preparing more structured and accurate financial reports, its implementation among Padang restaurants still faces various challenges. The researcher chose Padang restaurants as the object based on data from the Indonesian Padang Food Stall Association (IWAPIN), which states that there are approximately 27,000 Padang restaurants in Jakarta and its surrounding areas (Adhiyasa & Berlian, 2024). The choice of location in Kalisari Ward is due to the significant role many MSMEs, including Padang restaurants, play in the local economy. Investigating the

implementation of SAK EMKM in this area provides a concrete picture of the accounting standards' application in the small business sector. Furthermore, Kalisari Ward was selected because of its good accessibility and the presence of a network of MSMEs communities that can support the research process, including in-depth interviews with business owners. Based on initial observations, many Padang restaurant MSMEs in this area have not yet fully implemented SAK EMKM. Therefore, this study can explore the expekehallethallenges, and benefits faced by business actors in adopting these accounting standards.

Based on the description of the problems described above, the authors are interested in conducting a research entitled "**PHENOMENOLOGICAL STUDY OF THE APPLICATION OF FINANCIAL ACCOUNTING SAK EMKM IN MSMEs PADANG RESTAURANTS IN KALISARI VILLAGE, PASAR REBO, JAKARTA TIMUR".**

THEORETICAL FRAMEWORK

Positive Accounting Theory

In scientific development, accounting theory can be divided into two categories, namely positive accounting theory and normative accounting theory. Positive accounting theory is an approach in accounting that aims to explain and predict existing accounting practices using empirical methods. In contrast to normative accounting theory which focuses on "what should" be presented (Patty et al., 2021), positive accounting theory emphasises more on "what happens" in an accounting process which includes skills, understanding, and knowledge in accounting methods used in future situations (Nasution et al., 2020).

The positive approach to accounting emerged when Jensen (1976) stated that accounting research (with one or two exceptions) is unscientific, because its research orientation has high standards and determination. Jensen hoped for the development of a positive accounting theory that could explain why accounting is the way it is, why accountants do what they do, and what impact this phenomenon has on the use of people and resources. Watt and Zimmerman (1986) revealed three fundamental reasons for the shift from the normative approach to the positive approach, namely: 1) the inability of the normative approach to deal with empirical testing theories, this is based on false premises or assumptions, hindering their validity and cannot be tested empirically, 2) the normative approach focuses more on the welfare of individual investors compared to the welfare of the wider community, 3) the normative approach does not encourage or allow the optimal allocation of economic resources in the capital market. Then, Watt and Zimmerman stated that the reason for analysing accounting theory according to the normative approach is too simple and does not provide a strong theoretical basis. By overcoming the weaknesses of normative theory, Watt and Zimmerman developed a positive approach that can be applied to any scientific period at the end of 1970 and became the dominant paradigm in accounting research in 1980 (Waluyani, 2023).

The main objective of positive accounting theory is to understand the reasons behind the selection of certain accounting methods by companies and how external factors influence

these decisions. In the Indonesian context, the relevance of positive accounting theory is maintained and overall, positive accounting theory provides a useful framework for understanding and predicting accounting practices based on individual rational behaviour and incentives that influence accounting decisions.

Positive accounting theory seeks to explain or predict real phenomena and test them empirically. This theory in accounting that emphasises the explanation and prediction of accounting behaviour that exists in the real world. In the context of the research entitled 'Phenomenological Study of the Application of SAK EMKM to Padang Restaurant MSMEs in Kalisari' positive accounting theory can be used to analyse the application of SAK EMKM in the micro, small and medium enterprise (MSME) sector, especially Padang restaurants.

Through a phenomenological approach, this research aims to explore the experiences and perceptions of Padang restaurant owners regarding the application of SAK EMKM. By understanding how they implement this accounting standard, this research can identify factors that influence the successful implementation of SAK EMKM, as well as its impact on the transparency and accountability of their financial statements. In positive accounting theory supports this research by providing a framework to analyse the relationship between accounting practices undertaken by MSMEs and the outcomes achieved, as well as how the social and economic context influences the accounting decisions taken by business owners.

Accounting

According to the Big Indonesian Dictionary (KBBI), Accounting is an art of recording, classifying, and summarising all financial transactions and analysing the transaction activities of an economic entity. The American Institute of Certified Public Accounting (AICPA), says that Accounting is the art of recording, classifying, and summarising in a certain way and in the form of units of money, transactions and events that are generally financial in nature and interpreting the results. Accounting has three fundamental activities, which refer to the process of identifying, measuring, and communicating economic events to serve as the basis for assessments and decisions of an organisation to interested parties (Kieso et al., 2016).

Meanwhile, according to the American Accounting Association (AAA), Accounting refers to the process of identifying, measuring, and reporting economic information to make the basis for clear and firm judgements and decisions for those who use the information. Accounting can be defined as the process of recording, collecting and presenting information in converting data from transactions into financial information. So, from some of the above definitions it can be concluded that accounting is a process or activity carried out to compile and analyse informative financial reports so that they can be used as a consideration in the decision making process. In this case, accounting is also often interpreted as the art of recording, when recording transactions that are worth money is carried out periodically so as to produce quantitative information from an economic entity in the form of accountable financial statements.

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1. Concept Assumptions and Basic Principles of Accounting

The following are the basic concepts and basic principles of accounting, namely:

a. The Concept of Business Unity

According to Warrent (2020), states that business unity is a basic assumption in accounting that requires separation between business transactions and personal transactions of the owner. According to Kieso (2019) explains that this unitary concept ensures that finances only reflect the economic activities of the entity concerned, not the personal activities of the owner.

b. Business Continuity Concept

According to Kieso (2019), the assumption in business continuity requires that financial statements be prepared with the assumption that the company will continue to operate and will not be liquidated in the near future.

c. Business Benchmarking Concept

According to Robert (2024) the use of business benchmarking is as a process of finding and applying best practices from other organisations to improve one's own performance. Meanwhile, in accounting it helps businesses to know their financial position compared to competitors or industry standards.

d. Time Period Concept

According to Kieso (2019), the time period explains that the time period concept allows companies to report operating results and financial position in certain time intervals, even though business activities take place continuously.

e. Basic Concepts of Recording

There are two basic types of accounting records used in recording transactions, namely:

1) Accrual basis, namely the effect of a transaction is recorded and recognised when the transaction occurs (not when cash receipts or disbursements in connection with the transaction occur).
2) Cash basis, in which transactions are recorded or recognised when cash is received or issued.

f. Historical Cost Principle

According to Kieso (2019), the historical cost principle is the basis for recording assets at initial acquisition values that can be measured objectively and supported by transaction evidence, thus providing reliability in financial statements. GAAP (Generaly Accepted Accounting Principles) requires most assets and liabilities to be applied and reported as the acquisition price. This can be called the historical cost principle, which means that all transactions relating to assets, debts, capital, income, and expenses are recorded at the exchange price on the date of the transaction.

g. Revenue Recognition Principle

According to Horngren (2013) who defines the principle of revenue recognition is that revenue recognition must be based on the realisation principle, namely revenue is recognised when the transaction is completed and the entity is entitled to receive

compensation. Revenue arises because of an increase in assets obtained from business activities, such as sales, receipts, profit sharing and so on. Revenue is also recognised when there is certainty about the volume or amount, whether large or small, which of course can be measured precisely with the assets obtained from the sale of goods or services.

h. The Benchmarking Principle
According to Kieso (2019) explains that accounting benchmarking does not only compare numbers, but also processes and internal control systems that support reliable financial records.

2. Accounting Cycle

The accounting cycle is a series of transactions, events, activities, and processes that occur in a continuous loop from start to finish. Warrent (2020) states that the accounting cycle is a process that begins with analysing and journaling transactions and ends with the preparation of a trial balance after the books are closed. The accounting cycle is considered a series of activities that begin with the buying and selling cycle and end with the formation of financial statements. The accounting cycle consists of activities such as: (1) Transaction evidence; (2) Recording transactions into a journal; (3) Ledger; (4) Prepare a Balance Sheet;. (5) Adjustment Journal; (6) Financial Statements.

3. The Role of Accounting

In the information age, the role of accounting is increasingly needed as a tool in economic and financial decision making. Accounting is a system of measurement and recording in the management of economic resources (wealth) which will produce financial information. In the company's financial information can be addressed to various parties with an interest in the company (stakeholders). With this, accounting is often referred to as the language of the company (business language) or the language of decision making (financial decision of language). The role of accounting in general is as follows : Provides financial information, Decision makers, Controlling finances, Accounting can reduce costs in organising records Accounting Information is used as an economic good at many benefits because to obtain it requires the sacrifice of other economic resources.

Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSMEs) according to Pakpahan (2020) are economic actors that dominate the economy in Indonesia, this can encourage the government to pay focused attention to the MSME sector which has a large contribution to the national economy. According to Prasetyo & Huda (2019), there are three main functions of MSMEs with their contribution to small community activities, namely being a facility in alleviating people from poverty, being a means of providing foreign exchange, and being a means of providing economic equality for small people.

Badan Pusat Statistika (2016) argues that small businesses have characteristics such as small industries and household industries. BPS also classifies the scale of industrial

businesses according to the number of workers, namely: Household industry with 1-4 workers, Small industry with 5-19 workers, Medium-sized industries with 20-99 workers, Large industries with 100 or more workers.

1. **Constraints of MSMEs**

   In general, MSMEs are faced with two main problems, namely financial and non-financial (management organisation). Financial problems include difficulties in obtaining access to credit or capital. Furthermore, there is no systematic approach to funding MSMEs:

   a. High transaction costs, due to complicated credit procedures that take up a lot of time while the amount of credit disbursed is small.
   b. Lack of access to formal sources of funds, either due to the absence of banks in remote areas or the unavailability of adequate information.
   c. Many MSMEs are not well organised due to the absence of transparent financial management as well as a lack of managerial and financial skills.

   While those included in management organisation (non-financial) problems include:

   a. Lack of knowledge in san quality control production technology due to the lack of opportunities to keep up with technological developments and lack of education and training.
   b. Lack of knowledge in marketing, which is caused by the limited information that can be reached by MSMEs regarding the market, in addition to the limited ability of MSMEs to provide products/services in accordance with market desires.
   c. Limited human resources (HR), which is a lack of resources to develop HR.

Financial Accounting Standards for Micro, Small and Medium Entities

SAK EMKM is a financial accounting standard specifically designed as a guideline for MSMEs. SAK EMKM is a financial accounting standard specifically designed as a guideline for MSMEs. This Financial Accounting Standard was prepared and approved by the Indonesian Accounting Association (IAI) as a professional organisation that oversees all accountants in Indonesia starting January 1, 2018. As for the understanding according to the Indonesian Accounting Association (IAI), SAK EMKM is used by micro, small and medium entities that have entities without public accountability limits that have the definition and criteria for micro, small and medium enterprises that have fulfilled as stipulated in the regulations of Law No. 20 of 2008.

1. **Purpose of SAK EMKM**

   SAK EMKM has a purpose in it, namely to provide an overview of the financial position and performance of an entity, which can be useful for several users in making economic decisions. With clear accounting standards, MSMEs can make better decisions based on accurate financial information. Not only that, SAK EMKM is designed to be simpler than accounting standards applicable to large entities, making it easier for small business owners to conduct financial reporting.

2. **Financial Statements according to SAK EMKM**

The SAK EMKM financial statements consist of a period-end statement of financial position, income statement and notes to the financial statements. The following is the explanation:

1) **Statement of Financial Position at the end of the period**

In the statement of financial position presents information about assets, liabilities, and equity at the end of the reporting period. SAK EMKM itself does not determine how the format and order of the accounts presented. The following are the elements according to SAK EMKM (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.
b. Liabilities are current obligations of the entity arising from past events, the settlement of which results in an outflow of the entity's resources containing economic benefits.
c. Equity is the residual right to the entity's assets after deducting all liabilities.

The following statement of financial position of an entity may include its accounts: Cash and cash equivalents; Receivables; Inventory; Fixed assets; Trade payables; Bank debts; Equity.

2) **Income Statement**

According to SAK EMKM, the income statement includes income and expense accounts. Find the amount of profit by reducing the income and expense accounts generated by an entity. By looking for an entity's financial performance, it can be obtained from information about income and expenses during the reporting period presented in the income statement.

This entity's income statement includes income items, financial expenses, and tax expenses. The following are the elements according to SAK EMKM (2016):

a. Revenue (income) is an increase in economic benefits during the financial reporting period in the form of cash inflows or increases in assets, or decreases in liabilities that result in an increase in equity that does not come from contributions from investors.
b. Expenses are decreases in economic benefits during the financial reporting period in the form of cash outflows or decreases in assets, or increases in liabilities that result in a decrease in equity that is not caused by distributions to investors.

3) **Notes to Financial Statements**

According to SAK EMKM, the notes to the financial statements consist of a statement about the preparation of financial statements that are in accordance with SAK EMKM, an overview of accounting policies, and additional information about important and material transactions. The following information is presented in the notes to the financial statements according to SAK EMKM (2016) including :

a. A statement that the financial statements have been prepared in accordance with SAK EMKM;
b. A summary of accounting policies;
c. Supplementary information and details of certain accounts that explain important and material transactions that are useful for users to understand the financial statements

METHOD

In conducting this research, the author uses a type of phenomenological approach research that aims to find out more deeply. In qualitative research using a phenomenological approach, the main focus is to understand the essence and meaning of the life experiences of individuals who experience a particular phenomenon in depth. In this case, researchers seek to explore the perceptions, feelings, and subjective understanding of informants through direct interaction, such as in-depth interviews and participatory observation. Data is collected intensively from the personal experiences of the informants, allowing researchers to capture the hidden meaning behind the phenomenon, not just from various external sources. As explained by Bogdan and Taylor in Samsu's research (2017) argues in research using qualitative methods is a research process that produces descriptive data such as oral or written words from observations of behaviour and people. The purpose of this study is to describe the application of accounting in Padang Restaurant MSMEs and also the suitability of the applicable standard financial statements, namely SAK EMKM with the financial statements applied by Padang Restaurant. Data collection was carried out using triangulation techniques, combining observation, interviews, and documentation.

RESULT

A. Implementation of SAK EMKM in MSMEs

1. Less than half of the business actors are not yet familiat with SAK EMKM
   a. Do MSMEs know the standardised accounting system ?

Table 3. MSMEs' Knowledge Regarding Accounting Systems

No	Description	Number
1	Know	3
2	Do not know	4

Sumber : Processed by Author, 2025

Based on the research conducted, it is known that less than half, namely three informants involved in the Padang Restaurant business sector, have adequate understanding of the accounting system. This condition indicates that accounting systems are still not a primary consideration for MSME actors in this business. This may be caused by various factors, including limited knowledge, busy operations, and limited access to training and assistance focused on financial and accounting management.

2. Financial recording practices are very simple

Table 4. Conduction Recording or Bookkeping

No	Description	Number
1	Conducting recording	3
2	Not conducting recording	4
	Number	7

Source : Processed by Author, 2025

From the data above, it can be seen that more MSME actors in the Padang restaurant do not conduct accounting recording or bookkeeping. However, less than half, namely three informants, do perform recording, but only simple bookkeeping in the form of daily cash records noting income and expenditure.

3. Separation of Financial Records

Based on the research conducted, the owners of Padang Restaurant businesses who separate business financial records from personal finances are shown in Table 5 below :

Table 5. Separation of Business Financial Records

No	Description	Number
1	Separating Business Financial Records with Personal Finances	3
2	Not Separating Business Financial Records with Personal Finances	4
	Number	7

Source : Processed by Author, 2025

Based on the table above, it can be seen that Padang Restaurant business owners who separate business money from personal finances are three informants, and those who do not separate business finances from personal finances are four informants. Informants who separate company financial records from household finances have actually made correct records. However, it is said to be incorrect if the recording of household financial transactions is then calculated into the profit and loss calculation. In recording cash receipts and disbursements, it must be done correctly and can be understood by various parties who need it so that there is no confusion about the cash.

B. Problems Hindering the Implementation of SAK EMKM at Padang Restaurant MSMEs

1. Lack of Knowledge and Training

a. Has there ever been assistance from the Subdistrict or other parties in special programmes to help MSMEs implement SAK EMKM?

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Table 6. Have/Have Not Received Socialisation

No	Descriptions	Number
1	Have	0
2	Have Not	7
	Number	7

Source : Processed by Author, 2025

All informants in the interviews stated they have never received socialisation or training regarding SAK EMKM, either from the subdistrict office, financial institutions, or MSMEs associations, Generally, they only know the necessity of recording, but are not familiar with any standard or specific format compliant with SAK EMKM.

2. Educational Level and Age

Table 7. Educational Level and Age

Name	Age	Education Level
Mr AN	45	Senior High School
Mr YM	38	Senior High School
Mrs SN	43	Diploma In Nursing
Mr HR	28	Vocational High School
Mr ID	27	Vocational High School
Mrs ND	55	Jurnior High School
Mrs YT	51	Junior High School

Source : Processed by Author, 2025

From the result above, the majority of business actors are graduates of Senior High School or Vocational High School, with some only having Junior High School education. Regarding age, the average is above 35 years, which also makes it challenging for them to learn modern bookkeeping and accounting concepts. Many believe that preparing standard financial reports requires extra time and effort, while they are already busy with daily operations.

3. Lack of Human Resources Knowledgeable in Accounting

Based on the research conducted, the financial management is generally handley by the business owner, as shown in table 8. below :

Table 8. Business Financial Holders

No	Informant Response	Number
1	Finances handled by bussiness owner	7

2	Finances handled by staff	0
	Number	7

Source : Processed by Author, 2025

Based on the above table, it can be concluded that all informants handle their business finances themselves. This is due to the small scale of their businesses, allowing them to manage finance on their own. There are no staff specifically assigned to manage finances or record financial transactions properly.

4. The Importance Of Financial Reporting, the Purpose of its Preparation, and Challenges Faced

One of the important benchmarks in assessing the progress and development of MSMEs is through analysing the available financial information. This financial information must of course be reliable and prepared in accordance with applicable accounting standards, given the development of MSME businesses, business actors are required to provide financial reports that meet these accounting standards. This is because financial reports play an important role in providing timely information about profitability and cash flow, which ultimately affects the expectations and decisions of stakeholders (Rachmawati & Hidayatullah, 2025).

Table 9. Frequency Distribution of Answers on How Important Financial Statements are for MSMEs

Important	Not Important	Number of Respondents
3	4	7

Source : Processed by Author, 2025

From the table above, it can be seen that four informants from MSME actors consider that financial reports are not important to them, and only three informants from Padang Restaurant MSMEs state the importance of financial reports for the sustainability of their business. Then to find out the objectives of Padang Restaurant business actors in preparing financial reports, questions were asked to business actors regarding their objectives/benefits in preparing financial reports.

Table 10. Frequency Distribution of Answers on How Important Financial Statements are for MSMEs

No	Purpose of Making Financial Statements	Number of Informants
1	To find out the profit/loss of the business and the development of the business being run	2
2	For decision making regarding the business being run	1

Source : Processed by Researchers, 2025

Furthermore, researchers asked questions to Padang Restaurant business actors regarding the obstacles that have been faced by MSME actors in preparing financial reports, which aims to find out the problems faced by MSMEs that hinder them in preparing financial reports. The following are the answers from various informants regarding the obstacles they face:

Table 11. Distribution Of Frequency Of Answers To The Obstacles Faced In The Making Of Financial Reports By MSMEs

No	Obstacles Faced	Number
1	Do not understand due to lack of understanding of accounting	2
2	There is no socialisation from the government regarding the preparation of financial reports in accordance with standards	1
3	There are no clear examples in making financial reports so that the reports are presented simply	1
4	It is difficult to make so that the reports are presented simply	3
	Number	7

Source: Processed by Author, 2025

The results above show that three informants found it difficult to prepare financial reports so they presented them simply, two informants did not understand financial reports and the rest explained that there was no socialisation from the Government and there were no clear examples in making financial reports. This can be interpreted that business actors do not understand and are unable to make.

C. Compliance with the Application of SAK EMKM at MSMEs

Compliance with SAK EMKM application in Padang Restaurant MSMEs shows significant variation between actors who have implemented simple financial recording and those who have not recorded at all, causing noticeable differences in understanding and implementation of fundamental aspects of the accounting standard. This is outlined in the following table :

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Table 12. Criteria for the Suitability of SAK EMKM Implementation

Component	Informants' Condition	SAK EMKM Compliance Description
Single Entity Concept	About 43% of MSMEs have begun to simply separate business and personal assets. Howerver, the separation of businees and personal funds in not explicitly disclosed as per the business entity principle. Approximately 57% have not separated personal and business assets.	SAK EMKM requires entity separation for the financial statements to reflect the business position separately. All transactions are measured at historical cost basis.
Identification On Financial Recording	About 43% of MSMEs perform simple cash inflow and outfilow recording but have not adopted accrual basis as recommended by SAK EMKM. For example : 1) Not all expenditures and revenues are specifically detailed and classified according to assets, liabilities, income, and expenses categories. 2) No clear business identity, reporting period, or other formal signs required by SAK EMKM for formal presentation. 57% do not record at all, making valid financial report preparation difficult.	SAK EMKM simplities recording but still requires transaction recording to prepare statements of financial position and profit/loss. The report format and order may be flexible but must be neat, systematic, and present information in structured manner. Rounding, currency units, entity name, and reporting period must be explicitly stated.
	Approx. 43% of MSMEs keep simple manual daily cash inflow and outflow records on a monthly basis, but reports are incomplete, very brief, and not aligned with SAK EMKM format, for example: 1) No details of assets, liabilities, and equity at	SAK EMKM requires structured recording of assets, liabilities, and equity in the statement of financial position; component accounts include : 1) Cash and cash equivalents 2) Receivables; 3) Inventory;

	period end. 2) Accounts do not comply with SAK EMKM standards. 3) Formats do not follow SAK EMKM standards. 57% of MSMEs without recording cannot prepare a balance sheet as per standard.	4) Fixed assets; 5) Trade payables; 6) Bank loans; 7) Equity.
Profit and Loss Statement	43% of MSMEs can calculate simple cash based profit/loss, still relying on cash inflow outflow differences, not accrual-based or fully structured. Examples: 1) Terms like "expenses/salaries etc". Are not detailed. 2) Expenses often recorded as lump sums without specific detail. 3) Monthly profit/loss reports recorded, but expense grouping in mixed (operation, social contributions, personal loans). 4) Use simple summarising without systematic classification, no separation by expense types (operational, interest depreciation). 5) No explanation of revenue and expense recognition methods or comparative prior period into. 57% cannot prepare profit and loss report due to lack of transaction recording.	Accrual – based profit and loss reports are mandatory under SAK EMKM to indicate financial performance, detailing all income and expenses within one period clearly and systematically, ideally, income, cost of goods sold, and operational expenses should be classified in detail.
Notes to the Financial Statements (CALK)	No specific notes on accounting policies, detailed account explanations, or confirmation that reports comply with SAK EMKM	CALK is an important part of SAK EMKM to increase trasparency and reporting information. CALK must

	are found, for instance : 1) No notes on accounting policy preparation or detailed notes on significant items. 2) CALK not available, limiting transparency and understanding.	include : 1) Statement that reports comply with SAK EMKM 2) Summary of accounts or special policies.

Source : Processed by Author, 2025

DISCUSSION

1. **Implementation of SAK EMKM in Padang Restaurant MSMEs in Kalisari Village**
   Based on field findings, it can be identified that the implementation of SAK EMKM in Padang Restaurant MSMEs in Kalisari Village is not only suboptimal but also practically non-existent. Referring to the scope and main principles of SAK EMKM, namely simplification in the presentation of financial statements, the entity principle, and the separation of business and personal financial statements, it can be concluded that almost all key aspects of SAK EMKM have not been implemented by business actors.
2. **Problems Hindering the Implementation of SAK EMKM in Padang Restaurant MSMEs**
   Based on field findings, it is clear that all Padang Restaurant MSMEs in Kalisari Village face the following problems:
   1) Low education levels and age factors
   2) Lack of skilled human resources in accounting
   3) Perceptions about the importance of reporting and obstacles
   4) Lack of knowledge and training
3. **The suitability of the implementation of SAK EMKM in the Padang Restaurant** MSMEs (UMKM) in Kelurahan Kalisari exhibits a varied pattern, with some business actors not conducting any record-keeping at all. This results in noticeable differences in the understanding and application of the fundamental principles of the accounting standard.
   1) **Entity Concept**
      Understanding and applying the entity principle as the basis for separating business assets from personal wealth remains very limited. Some business actors have begun to make simple separations, but there is no explicit recording separating business transactions from personal ones as prescribed by SAK EMKM. This concept is crucial for financial statements that objectively and accurately reflect the true financial condition. Inconsistent application of this principle causes unclear cash flows and financial positions, affecting the credibility and accuracy of financial reports. This can potentially lead to difficulties in analysing business performance and decision-making.

2) **Identification of Financial Record-Keeping**

Regarding record-keeping, 43% of the Padang Restaurant MSME operators in Kelurahan Kalisari have kept simple records of cash inflows and outflows. However, such records remain on a basic cash basis and are not oriented towards the more accurate accrual basis as recommended by SAK EMKM. Irregularities and lack of systematic classification make it difficult to prepare complete statements of financial position and profit and loss statements. Conversely, a majority of about 57% do not keep any records at all. This presents a primary obstacle to producing valid financial statements and transparency in line with the standard. This is a classic and consistent problem in many Indonesian MSMEs, where accounting is still viewed as a complicated and burdensome process. SAK EMKM emphasises the importance of recording transactions, even in a simplified manner, so that statements of financial position and profit and loss can be prepared in a neat, systematic format, including details such as currency units, entity name, and reporting period.

3) **Preparation of the Statement of Financial Position (Balance Sheet)**

The statement of financial position is a key basis for presenting a complete picture of the entity's assets, liabilities, and equity. However, implementation in Padang Restaurant MSMEs in Kelurahan Kalisari generally shows statements that are very simple and incomplete, and often not prepared at all. SAK EMKM requires a balance sheet that includes cash and cash equivalents, receivables, inventories, fixed assets, trade payables and bank loans, and equity, thus reflecting the financial position of the business completely and clearly. Research findings indicate that key accounts required in the SAK EMKM balance sheet such as cash, receivables, inventories, fixed assets, liabilities, and capital have not been clearly and formally detailed in most MSMEs. This condition indicates a low technical understanding of balance sheet components and proper financial statement preparation according to official guidelines.

4) **Preparation of the Profit and Loss Statement**

The profit and loss statement prepared is still based on the difference between cash inflows and outflows and does not use a full accrual basis, resulting in information that is less reflective of the actual financial performance. Around 43% of MSME operators can calculate profit and loss simply, with expenditure recording tending to be global and expense grouping mixed between operational expenses and personal expenditures. There is no detailed classification by expense type, nor periodic recognition methods for income and expenses. The majority, 57%, cannot prepare a profit and loss statement due to a lack of recording. According to SAK EMKM, the profit and loss statement must be on an accrual basis, systematically presenting all income and expenses within a given period with classifications of operating income, cost of goods sold, and operational expenses in detail. The presence of unstructured grouping of expenses

and income, with some components still mixed with personal expenses and non-operational costs, results in a lack of transparency and reliability in financial reporting. Ideally, a SAK EMKM profit and loss statement should be clear, systematic, and include separate classifications of business income, cost of goods sold, and operational expenses, providing an accurate view of business profitability.

5) **Notes to Financial Statements (CALK)**
Notes to financial statements (CALK) are essential elements that enhance transparency and understanding of financial reports. However, this research found no evidence of CALK preparation in the MSME practices studied. The absence of CALK may lead to non-compliance with reporting standards and reduced transparency, which should be an added value in MSME financial reporting, both from the perspective of business actors themselves and external parties such as financing institutions and investors. The necessary CALK should include a statement that the reports are prepared in accordance with SAK EMKM, a summary of accounting policies, and details of significant items in the financial statements.

CONCLUSION

Based on the results of research conducted regarding the implementation of SAK EMKM in MSMEs operating in Padang restaurants in Kalisari Village, the following conclusions can be drawn:

1. **Implementation of SAK EMKM in MSMEs**
The results of interviews and field observations indicate that most MSMEs operating in Padang restaurants in Kalisari Village have a very limited understanding of SAK EMKM and accounting in general. Their knowledge is concentrated solely on simply recording cash inflows and outflows without clear principles or systems. Most business owners have never participated in outreach or training explaining accounting standards appropriate to the needs of their micro, small, and medium enterprises.
2. **Problems Hindering the Implementation of SAK EMKM in Padang Restaurant MSMEs**
Based on field findings, it is clear that all Padang Restaurant MSMEs in Kalisari Village face the following problems:
   1) Low education levels and age factors
   2) Lack of skilled human resources in accounting
   3) Perceptions about the importance of reporting and obstacles
   4) Lack of knowledge and training
3. **Suitability of the Implementation of EMKM SAK in MSMEs**
The implementation of the Indonesian MSME Accounting Standards (SAK EMKM) in Padang Restaurant MSMEs can be said to be very inconsistent with established standards. This condition indicates that awareness and understanding of the importance of proper record-keeping according to the Indonesian MSME Accounting Standards

(SAK EMKM) is still very low. This results in MSMEs being unable to prepare complete financial reports in accordance with standard provisions, such as the statement of financial position, income statement, and notes to the financial statements required by the Indonesian MSME Accounting Standards (SAK EMKM). Furthermore, the simple record-keeping conducted by several informants did not adhere to the recommended basic principles, such as the application of the accrual basis and the separation of entity assets from personal wealth

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