

The Assistance for Small to Medium Enterprises in Preparing Financial Reports at East Kasiyan Village, Puger Sub District Jember Regency

Sudarsih

Department of Management,
Faculty of Economics and Business, University of Jember

Diah Yulisetiari

Department of Management,
Faculty of Economics and Business, University of Jember

Susanti Prasetyaningtiyas
Department of Management,

Faculty of Economics and Business, University of Jember

Bambang Irawan

Department of Management,
Faculty of Economics and Business, University of Jember

Abstract:- The aim of research were to describe outreach activities for small and medium businesses in East Kasiyan Village, Puger District, Jember Regency. This research method was qualitatif with observed and discussion about financial report in an effort to provide information regarding the preparation of financial reports. The results of the research show that outreach activities for small and medium enterprises showed that SMEs understand and understand the recording of all transactions from their business to prepare financial reports in a structured manner to determine the financial position of their business. This community service activity is carried out by carrying out direct practice to record all transactions that occur from small and medium businesses. There are no significant obstacles in its implementation, only the discipline needed to record all financial transactions.

Keywords:- Financial Reports, Mentoring, Preparation and Small and Medium Businesses.

I. INTRODUCTION

In the era of globalization, various types of businesses are required to be more advanced and able to survive in running their types of businesses. Indonesia, as a developing country, places greater emphasis on development and economic growth in a better direction. This process has a direct influence on various forms of business in Indonesia. Over time, various types of businesses have been formed in Indonesia, both small-scale businesses and large-scale businesses. The business sector, which is part of the Micro, Small and Medium Enterprises (MSME) scale is very important for several conditions.

Small businesses or commonly called Small and Medium Enterprises (SMEs) are an important part of a country's economic life and contribute to improving the welfare of society, especially in developing countries with large populations, such as Indonesia. Small and Medium Enterprises (SMEs) provide job opportunities and substantial income for the community so that they can reduce one of the

problems faced by the Indonesian government, namely unemployment. The Open Unemployment Rate (TPT) in August 2022 was 4.06%, down 1.38% points compared to August 2021. The working population was 1.305 million people, an increase of 34.9 thousand people from August 2021. The total workforce in Jember in August 2022 was 1.36 million people, an increase of 17,174 thousand people compared to August 2021. Based on business fields, the population working in the agricultural sector experienced a decrease of 1.98 percent compared to 2021. "The service and manufacturing sectors experienced respective increases of 1.67 percentage points and 0.31 percentage points compared to the previous year. (Atmandja, et al., 2014)

Due to the large contribution made by MSMEs, more attention is needed from the government to develop and maintain the potential of MSMEs in Indonesia. This is proven by the survival of MSMEs in the monetary crisis that occurred in 1998, which is the main reason why the government must pay great attention. Since the crisis that occurred in 1998, almost 80 percent of large businesses went bankrupt and many layoffs (Arifin, et al, 2012). With the existence of MSMEs (Micro, Small and Medium Enterprises), job opportunities will increase, thereby reducing the unemployment rate.

SMEs are an alternative solution to the problem of unemployment. Because, with the existence of SMEs, Indonesian residents can become entrepreneurs by opening up employment opportunities, apart from that they can also absorb low-educated workers who are unemployed. Therefore, the government must support and provide facilities for Indonesian citizens who run independent businesses. One form of government support can be realized by providing capital assistance in the form of Small and Medium Enterprise Credit (KUKM), and providing special training for Indonesian citizens so that Indonesians have sufficient skills to open independent businesses. In this way, more and more Indonesians can become entrepreneurs themselves and create employment opportunities, the problem of unemployment can be resolved. Even though the development of SMEs is increasing, there are still problems in managing funds and

good accounting records. Problems surrounding SMEs in Indonesia.

A practical and effective method for managing funds in MSMEs is to apply accounting well. Thus, accounting enables MSMEs to obtain various financial information in running their business (Damayanti and Yohanes, 2017). Financial reports was important for MSME entrepreneurs (Puspitaningrum, Titis, et al., 2017).

According to research by Primiana (2009), this is about this bussiness orders, difficult to get credit from banks, lack of ability to record and report a financial report and mixing company finances with family finances. With adequate accounting that produces financial reports, Small and Medium Enterprises can fulfill the requirements for applying for credit (Warsono, 2010). This can be done if the business unit implements an accounting system that is adapted to the type of business.

Warren, et al (2006) stated that carrying out the accounting process will produce information for interested parties for making decisions regarding the company's activities and conditions. For creditors, accounting information is used for the security of the funds they lend and the level of income they will obtain. For management, accounting has an important role, namely in protecting company assets, preparing plans for future company activities, measuring company income over a certain period of time and monitoring company activities. For investors, accounting information is used as a benchmark for the level of profit they will obtain if they buy shares in a particular company.

The information is prepared in forms that comply with Financial Accounting Standards (Indonesian Accountants Association, 2007). The application of accounting in small businesses is very necessary because it is used to understand financial recording and reporting. With a good financial recording and reporting system, you can find out reports on business results and conditions of small businesses. Apart from that, accounting is very useful for a business. Financial Reports was reports that describe the financial impact of transactions and other events which are classified into several large groups according to their economic characteristics, namely groups related to measuring financial position, groups related to performance measurement and groups related to cash flow measurement (Endif, 2009). The accounting information required by Small and Medium Enterprises is very limited because it is not required according to law or regulations. The lack of ability of SME actors in the field of business management is also one of the obstacles faced by SMEs, including low education and lack of understanding of SME actors in the field of accounting (Benjamin, 1990). Krisdiartiwi (2008) stated that UKM bookkeeping is usually done in simple ways and is not detailed.

The prospects for developing this business are quite good, because almost all activities in the household require a mat as footwear. Moreover, this character mat has a unique shape so it is multifunctional. The character doormat home industry is generally a small to medium scale individual business. And judging from the business of using rags, the business scale of which is still micro and small, accounting records are required that comply with applicable accounting references/guidelines. With adequate and reliable accounting records, business actors will be able to prepare financial reports that reflect the financial conditions during that period, so that it will be easier to take strategic steps in developing their business. The aim of this research is to describe outreach activities for small and medium businesses in Jember Regency

II. LITERATURE REVIEW

A. Agency Theory (*Agency Theory*)

Agency theory explains that there is a principle (owner or top management) in supervising managers in carrying out their performance. The assumption of agency theory is that there is risk and business with a neutral principle. There are often conflicting interests in the company. Agency theory explains that there is a principle (owner or top management) in supervising managers in carrying out their performance. The assumption of agency theory is that there is risk and business with a neutral principle. There are often conflicting interests in the company. (Purhantara, 2010).

B. Accounting

Financial information is needed by many parties in making decisions. Accounting is recording to manage resources to obtain financial information. Financial information is intended for several parties who have an interest in the company. Therefore, accounting is often referred to as the language of the company (business language) or the language of decision making (financial decision language).).

C. Financial Statements

Some parties need financial reports in making economic decisions. Based on financial reports, users assess financial conditions to achieve future prospects. The responsibility of the company or business in managing finances to the owner in meeting the interests of the owner, creditors, investors, government and employees. Therefore, there are differences in financial reports that are carried out for the public interest.

III. RESEARCH METHODS

Method used qualitative to descriptive in an effort to provide information regarding the preparation of financial reports for UKM in East Kasiyan Village, Puger District, Jember Regency. In general, these activities include 1) Lectures regarding the introduction of accounting records to the preparation of financial reports for SMEs; 2) Providing direct guidance and direction regarding the accounting process or cycle for MSMEs to prepare financial reports.

IV. RESULTS AND DISCUSSION

With the background of the problem and the emergence of problems regarding how to understand the introduction of accounting records to the preparation of financial reports for Small and Medium Enterprises in East Kasiyan village, Puger sub-district, Jember Regency, as well as obstacles that hinder the implementation of accounting in Small Businesses in East Kasiyan village, Puger sub-district, Jember regency, as stated in As explained previously, the resolution of the problems that arise is carried out by observing the Small and Medium Enterprises in East Kasiyan Village, Puger District, Jember Regency first. After making observations, meeting groups began to be formed according to permission and approval from local environmental officials. Furthermore, the meeting with Small and Medium Enterprises in East Kasiyan Village, Puger District, Jember Regency was filled with lectures and mentoring about the benefits of carrying out accounting records and preparing simple financial reports from businesses carried out by Small and Medium Enterprises for the sustainability of their business. The material presented includes the concept of entrepreneurship, the accounting recording process and financial reports.

Next, there is guidance on how to carry out simple accounting records, make simple financial reports, and tips for running a business. The implementation of this service is organized into several meetings between the team (leader and service members) and the target audience at:

- In the initial meeting, the service team met with representatives of the target audience, namely Small and Medium Enterprises, in order to coordinate and prepare plans for service activities in East Kasiyan Village, Puger District, Jember Regency.
- The next meeting, the implementation of outreach activities on the introduction of accounting records and finding out the obstacles faced until the preparation of simple financial reports in East Kasiyan Village Small and Medium Enterprises, Puger District, Jember Regency

The detailed schedule of activities can be explained below.

A. Realization of Activity Implementation

Community service activities regarding the introduction of accounting to prepare simple financial reports for Small and Medium Enterprises in Puger District, Jember Regency were carried out on December 10 2021- December 21 2021. The location of the activity was in East Kasiyan Village, Puger District, Jember Regency. The target audience for community service activities is Small and Medium Enterprises.

Implementation of community service activities is carried out using lecture (counseling) and discussion methods. Discussion activities were carried out on December 12 2021 and December 20 2021. Service activities were carried out in the East Kasiyan Village, Puger District, Jember Regency, which already has a business and is currently running its business, therefore counseling was given regarding the introduction of accounting records and preparing financial

reports so that Small Businesses Medium can know the financial position of their business.

B. Results of Activity Implementation

Implementation of community service activities with the title introduction to accounting records for small and medium businesses in East Kasiyan Village, Puger District, Jember Regency begins with carrying out observation activities at the location of service activities to determine where and when the counseling will be carried out. This observation was carried out by meeting the village head. Based on the results of these observations, it was determined that outreach activities would be carried out on December 12 2021 and December 20 2021 by visiting directly the Small and Medium Enterprises in the East Kasiyan Village, Puger District, Jember Regency. Apart from that, coordination was also carried out regarding the structure of the activities to be carried out, where the structure of the activities was, first the team of service activity members provided counseling on understanding the basics of accounting, understanding the concept of micro business financial management and financial reports.

After the outreach activities were carried out, discussions were then held with Small and Medium Enterprise entrepreneurs in East Kasiyan Village, Jember Regency. Based on the results of this discussion, information will be obtained on the obstacles faced by Small and Medium Enterprises in preparing financial reports for their businesses. This financial report is needed to determine the financial position of the business and can also be used as a condition for obtaining financial assistance from the government.

First of all, material will be provided about the basics of accounting and how to use accounting records to record all transactions that occur in small and medium businesses. After they understand how to keep simple records, they are then given simple training on how to prepare financial reports for their business. The target audience is given the simplest possible understanding and can immediately practice recording all transactions that occur during one period.

The material presented is as follows: Accounting is an information system that produces reports to interested parties regarding economic activities and company conditions. Accounting information is a tool used by information users for decision making, especially by business people. Meanwhile, reporting and analysis activities are usually only carried out at certain times. Analysis of financial reports to assess or analyze the data presented in the financial reports and determine the company's ability to fulfill its obligations, the condition of its assets and the company's ability in its business.

The Central Statistics Agency (BPS) compiles categories based on the number of workers. According to BPS, small businesses have a workforce of 5-19 people. Accounting records in small businesses are close to a bookkeeping system, with a single bookkeeping system. In a single bookkeeping system, transactions that occur in a small business can be recorded in daily books and subsidiary books. Diaries record cash receipts, cash disbursements, sales, purchases and

memorials. Subsidiary books record accounts receivable, payable and inventory. These books are actually just a replacement for the names of estimates (ledgers) in ordinary accounting.

Record keeping carried out by Small Businesses includes, among other things:

- Sales records are records of all sales transactions that occur. Functions to make it easier for employees and managers to create sales reports which will later be used to determine the profit generated, which is one of the elements in making a Profit and Loss report.
- Purchase records are records of all purchase transactions which include the purchase of goods to be sold. Functions to find out the acquisition price of an item. It is important to know this in order to determine the selling price so that it does not cause losses due to the selling price being too low compared to the purchase price of the goods.
- Inventory records contain items available plus incoming goods minus outgoing goods. This record serves to find out how much inventory the company has.
- Cash inflow records record all cash receipts from sales. It is useful to know how much cash the company has from sales transactions.
- Cash outflow records record all cash expenditures related to business needs, including debt payments.
- Salary expense records are recording employee salaries. Functions to assist managers in checking how much salary has been paid.
- Notes on other costs are costs incurred in routine business operational activities such as water, electricity, telephone costs, etc.

Based on the results of observations and interviews conducted, several factors can be found that influence accounting records not being carried out in MSMEs, namely:

- I don't know how to record accounting properly. In accordance with the results of observations and interviews, the owner does not know how to record accounting, especially financial reports properly and correctly, so the owner does not apply accounting records according to financial accounting standards.
- Can make financial reports, apart from not knowing how to record accounting or financial reports, the owner also cannot make financial reports. Lack of good accounting knowledge means owners cannot apply accounting records to their business.
- Owner don't know the benefits of accounting records. The owner's lack of knowledge about the benefits of accounting records is one of the factors that causes owners not to carry out accounting records or make financial reports.
- I do not have employees who are experts in accounting records. Owners assume that good and correct accounting records must be carried out by experts, whereas to have employees who are responsible for managing finances in their business, the owner must provide wages, thereby increasing costs in the business.

V. CONCLUSIONS AND RECOMMENDATIONS

After conducting outreach activities for small and medium enterprises in East Kasiyan Village, Puger District, Jember Regency, the results were obtained that SMEs understand and understand the recording of all transactions from their business to prepare financial reports in a structured manner to determine the financial position of their business. This community service activity is carried out by carrying out direct practice to record all transactions that occur from small and medium businesses in East Kasiyan village, Puger District, Jember Regency. There are no significant obstacles in its implementation, only the discipline needed to record all financial transactions.

REFERENCES

- [1]. Al Haryono Yusuf, 2017, *Dasar-dasar Akuntansi*, Jakarta Salemba
- [2]. Andrianto, dkk., 2017. Pencatatan Akuntansi pada Usaha Peternakan Ayam Petelur (Studi Kasus Usaha Peternakan Ayam Petelur di Kecamatan Sugio Lamongan). *Majalah Ekonomi*. Vol XXII, No 01. Juli 2017. ISSN: 1411-9501.
- [3]. Anonim, 2011. *Data di Usaha Mikro, Kecil, Menengah (UKM) dan Usaha Besar (UB) Tahun 2010-2011*, access from <http://www.depko.go.id/> on 20 Desember 2012.
- [4]. Anonim, 2012, *Gairah Menggarap UKM, yang diunduh dari <http://www.indotelko.com/2012/09/gairah-menggarap-pasar-ukm/>* on 16 November 2012.
- [5]. Anonim, 2012. *UKM Berpotensi Meningkatkan Pendapatan Negara, yang diunduh dari <http://www.depkeu.go.id/>* on 17 Desember 2012.
- [6]. Atmadja, A. T., dkk., 2014., Analisis Penerapan Pencatatan Keuangan Berbasis SAK ETAP pada Usaha Mikro Kecil Menengah (UMKM) (Sebuah Studi Intrepetatif pada Peggy Salon). Vol. 2, No. 1; 67-73
- [7]. Benyamin, W. P., 1990, *Laporan Keuangan (Ikhtisar Akuntansi)Perusahaan Kecil” dalam Prosiding Akuntan Nasional*, Surabaya.
- [8]. Damayanti, Theresia Woro., dan Yohanes H. A., 2017. Niat Melakukan Pencatatan Akuntansi pada Usaha Kecil Menengah: Pengetahuan Akuntansi Ataukah Herding?. *Jurnal Ekonomi dan Bisnis*, Vol. 20, No. 2, Oktober
- [9]. Krisdiartiwi, Mamik, 2008, *Pembukuan Sederhana untuk UKM*, Media Pressindo, Yogyakarta.
- [10]. Primiana, I. 2009. *Menggerakkan Sektor Riil UKM dan Industri*. Bandung:AlfaBeta.
- [11]. Purhantara, Wahyu. 2010. *Metode Penelitian Kualitatif untuk Bisnis*. Yogyakarta: Graha Ilmu
- [12]. Puspitaningrum, Titis, dkk., 2017. *Pelaporan Keuangan pada UMKM di Surabaya (Studi pada UKM Diah Cookies)*. *Jurnal Ilmiah Akuntansi dan Bisnis*, Vol 2, No 01. 2017.
- [13]. Suyadi, 2018, *Analisis Pengembangan Usaha Mikro Kecil dan Menengah (UMKM) di Kab Bengkalis Riau*, available at 12 januari 2023

- [14]. Ulfah, Ika Farida,. 2017. *Evaluasi Sistem Pencatatan Akuntansi pada UKM di Kabupaten Ponorogo*. Cendekia Akuntansi, Vol. 5, No. 02, Mei. 67-72
- [15]. Warren, Carl S, James M. Reeve and Philip E. Fess, 2005, *Pengantar Akuntansi*, edisi 21, Salemba Empat, Jakarta.
- [16]. Warsono, Sony, Arif Darmawan, dan M.Arsyadi Ridha, 2010. *Akuntansi UMKM Ternyata Mudah Dipahami dan Dipraktikkan*. Yogyakarta. Asgard Chapter
- [17]. Wibowo, Alex. dan E. P. Kurniawati,. 2015. Pengaruh penggunaan Informasi akuntansi Terhadap Keberhasilan Usaha Kecil Menengah (Studi pada Sentra Konveksi di Kecamatan Tingkir Kota Salatiga),. *Jurnal Ekonomi dan Bisnis*, Vol. XVIII, No. 2, 88-92