SOCIALIZATION A STANDARD ACCOUNTING RECORD AND FINANCIAL STATEMENT FOR SMALL MEDIUM SIZED ENTERPRISE (SMSE)

SISKA WILLY

STIE Ekuitas
E-mail: siska_msws@yahoo.com

Abstract— Small Medium Sized Enterprise have been grown in large number in Indonesia for the last decade. But most of them do not have ability and knowledge about accounting and financial statement that is important to improve their bussines or company. Besides, the government induce them to grow by provide a loan product with competitive interest rate. But the SMSE do not get funding because of leak of acounting record and financial statement.
The purpose of this study is to give the guidance to SMSE in preparation a accounting report and financial statement, in order the SMSE can use it to loan application and besides they know about the progress report of their business.

Keywords— Accounting, Financial Statement, Small Medium Sized Enterprise.

I. INTRODUCTION

Economic growth in the last five year in Indonesia is about 4,71%. And it's the highest level for last decade (www.indonesia-investment.com).
Government welcome this situation with ask all over the company in Indonesia to become a better and bigger company with a good human resources, better quality product, well management, good accounting record and financial statement.
The growth of Small Medium Sized Enterprise (SMSE) in Indonesia is very a large number of amount. It makes the government and bank think to make a product of loan which has a competitive interest rate. And to help SMSE become a good and big company. But unfortunately before they are deserved to get loan, they have to make a good financial statement and accounting record.
These are the SMSE weakness, that they don't prepare themselves with a professional management and human source who has capability to make a good financial statement and accounting record.
And that's why we try to observe and sharing our knowledge to SMSE and help them to have a base ability in developing their company by knowing how to prepare a good financial statement and accounting record.

II. RESEARCH PROBLEM

Indonesia have a many source of economic. Most of the people cocern to have a activity in business. Eventhough it's a small business or a big company with a professional management.
A company which has a large amount of capital is capable to grow well and follow the economic flow. Because they have a good human source and more found pay and develop their company. Actually it will be very simple for them to get loan from the government or a private bank with their good condition of cash flow. But in the otherside, after the crisis of 1998, many SMSE grow in a very large of number. By time rolls, some of them can't survive with the economic flow, but some others just be what they have been from they start the business, without ability to grow because of human resource and low found.
Actually the government have tried to help them with a competitive interest rate, soft loans and other kind of loan product. And it always become the major problem that most of SMSE unable to provide a good financial report, analize financial statement and accounting record.

III. LITERATURE REVIEW

3.1 Financial Statement

The income statement, often called the statement of income or statement of earnings is the report that measures the success of enterprise operations for a given period of time. The business and investment community uses this report to determine profitability, investment value, and credit worthiness. It provides investors and creditors with information that helps them predict the amounts, timing, and uncertainty of future cash flows (Kieso, 2013).
Usefulness of the Income Statement (Kieso, 2013). The income statement helps users of financial statements predict future cash flows in a number of ways. For example, investors and creditors can use the information in the income statement to:

a. Evaluate the past performance of the enterprise. By examining revenues and expenses, you can tell how the company performed and compare its performance to its competitors.
b. Provide a basis for predicting future performance. Information about past performance can be used to determine important trends that, if continued, provide information about future performance. For example, General Electric has reported consistent increases in revenues in recent years. Although success in the past doesnot necessarily mean the company will be successful in the

future, predictions of future revenues, and hence earnings and cash flows, can be made with some confidence if a reasonable correlation exists between past and future performance.

c. Help assess the risk or uncertainty of achieving future cash flows. Information on the various components of income—revenues, expenses, gains, and losses— highlights the relationships among them and can be used to assess the risk of not achieving a particular level of cash flows in the future.

3.2 Small Medium Sized Enterprise (SMSE)

There is a variety of definitions for SMSE, according to country of origin. The definition is an important tool for implementing efficient measures and programmes to support the development and success of SMEs (European Commission, 2003). Some researchers define SMSE on qualitative and others on quantitative criteria (Von Potobsky, 1992); however, most definitions are based on quantitative criteria, as they are easier to evaluate and compare.

Definition of SMSE also varies amongst different Indonesian government agencies: for example, according to the Ministry of Industry, a Small Enterprise is a business establishment with assets (excluding land and building) of less than 200 million rupiah; Medium Enterprises are from 200 million up to 5 billion rupiah; and firms of more than 5 billion rupiah are considered as LEs. A different definition is given by the Central Bureau of Statistics (Biro Pusat Statistik [BPS]), which classifies enterprises systematically according to the number of fulltime employees. From 0 to 4 workers a firm is classified as a Cottage or Household Enterprise (CHE), those with 5 to 19 workers as Small Enterprises (SEs), and those with more than 19 as Medium Large Enterprises (MLEs).

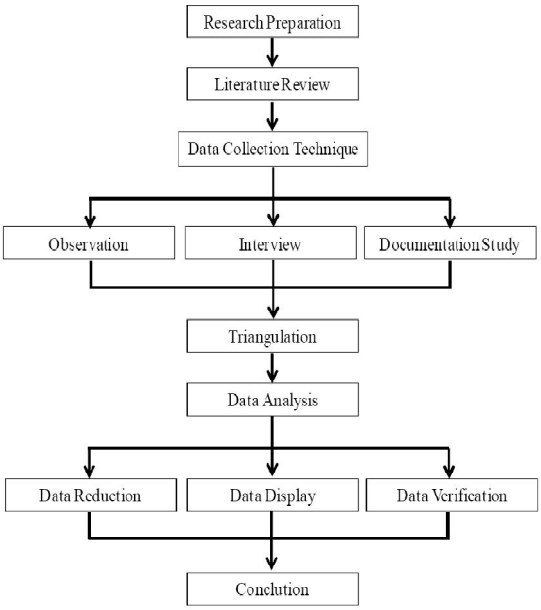
According to the definition of the Ministry for Cooperative, Small and Medium Enterprises (2007), SMSE involve people activity on a small to medium scale, with criteria as follows: 1) they have maximum net assets of up to 10 billion rupiah, excluding land and buildings; 2) they are owned by Indonesians; 3) they comprise independent companies not owned by a large company and directly or indirectly affiliated with a large enterprise; and 4) they are individual companies, with or without legal entity status. In this study, the definition from the Ministry for Cooperative and SMEs will be taken into account.

3.3 The Entrepreneur

Perhaps some of the most studied variables in the internationalisation of SMEs are the manager's attributes and the relationship between the perception and attitudes of the manager and decision makers and the internationalisation of the firm. Wiedersheim-Paul, Olson and Welch (1978) developed a model that stresses the importance of a firm's activities and its 'pre-export' behaviour. The important factors include information and characteristics of the decision maker, the enterprise environment, and extra-regional expansion of the firm. The entrepreneur is regarded as an important element in studying SME internationalisation and in the central factors that explain a firm's international behaviour (Andersson, 2000). Other empirical studies have shown that individual characteristics affect the processing of export-related information and influence exporting behaviour: see Reid (1981), Cavusgil and Naor (1987), Aaby and Slater (1989), and Ruzzier et al. (2007b).

IV. RESULT AND DISCUSSION

4.1 Research Design



4.2 Data Collection Technique

To collect the data in this research we use the steps:
The survey will be conducted through a mail survey. The corespondences are the stockholder in the company.

1. Interviews with several selected SMSE will be carried out following the qualitative analysis and its effect on firm performance.
2. Documentation study are accounting record, transaction document and financial statement from SMSE.

And than we use triangulation to collect all the data collection tehnique.

4.3 Data Analysis

To analize the data, there are following steps:

1. Data Reduction
   The data collection is done many times and continiously to get a large amount of data. It will become a more complex data. So we use data reduction to summarize, focusing data to several

important information. This can be helped use a computerized system.

2. Data Display
   Organize the data using form table, graph, chart and pictogram, in order to ease to analize.
3. Data Verification
   According to Miles and Huberman qualitative data analysis must be verified before take a decision or conclution.

CONCLUSIONS

Briefing and guidance the SMSE to have a good financial report and accounting record, in order to ease them to get loan application from bank and other funding. And if they don't get the funding, they can continue the business with a good accounting record and financial report, so they can make a good decision.

REFERENCES

[1] Diana sari, Quamrul Alam, Nicholas Beaumont, (2007), *Internationalisation of Small Medium Sized Enterprises in Indonesia: Entrepreneur Human and Social Capital*.
[2] Kieso Weygant, *Financial Accounting*, New York, (2013).
[3] Mitsuhiro Hayashi, (2008), *Development of SMEs in the Indonesian Economy*, *Faculty of Economics and Commerce*, Australian National University.
[4] Wright, M., Westhead, P., & Ucbasaran, D. (2007). *Internationalisation of Small and Medium-Sized Enterprises (SMEs) and International Entrepreneurship: A Critique and Policy Implications. Regional Studies, 41*(7), 17.

★★★