Evaluation of Suitability of the Implementation of Accounting Standards for Small Business (SAK ETAP) and the Quality of Financial Reporting and Its Effect on Creative Industry's Business Performance in Jambi Province

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Abstract

This study aims to analyze the suitability of the implementation of Accounting Standards for small business (SAK ETAP) and the quality of financial reporting of creative industry companies in Jambi Province. The data of this study is obtained from the questionnaires and interview. The results showed that the understanding and the quality of the corporate financial reporting was still low. The greater the company, the better the quality of its financial reporting and the higher the level of suitability with SAK ETAP and the better its business performance. The implementation of SAK ETAP in the creative industry in Jambi Province is very low due to low accounting knowledge and assistance from government and related parties.

Keywords: Small Business Accounting Standards, Financial Reporting Quality

1.Introduction

Micro, Small and Medium Enterprises (MSMEs) are proven to contribute to the Indonesian economy. In 2017 recorded the contribution of MSMEs to Indonesia's GDP reached around 41% or worth IDR 3,300 trillion, while in 2018 it was estimated that MSMEs could contribute even more to Indonesia's GDP which was around IDR 3,600 trillion. The magnitude of the contribution is also evident from the high absorption of labor from the MSME sector, namely up to 2010 as many as 100 million or 94% of all workers in Indonesia (Ministry of Cooperatives 2017).

In 2017 the number of MSME units in Indonesia reached 54 million business units spread throughout Indonesia. The large number of MSMEs reflects the large potential that can be developed and improved for MSMEs to be able to contribute more to this country. MSMEs are able to withstand the crisis that has occurred in this country, such as the economic crisis of 1997-1998 and the global economic crisis of 2008. At a time when many large companies are bankrupt and terminated (PHK), MSMEs are able to absorb the unemployed to work again.

In many countries, SMEs also make the same contribution as in Indonesia. It is recorded that the number of SMEs in developed countries reaches an average of 90% of the total business units, and absorbs 2/3 of the workforce from the number of unemployed people (Baas and Schrooten 2006). South Africa is one country with 95% of its business sector being MSMEs. This sector annually contributes 35% to gross domestic product, and can reduce as much as 50% of the country's unemployment rate (Zimele 2009).

The huge potential of these MSMEs is often constrained by capital problems to develop business. Actually there is a MSME financing program run by the government. One such program is the People's Business Credit (KUR) which in 2009 is targeted to be around Rp. 20 trillion. The purpose of the KUR is to be an effective capital financing solution for MSMEs, because so far many MSMEs have been constrained by access to banking to get financing (Osa 2010). However, the realization of the KUR is far from the target of Rp. 20 trillion, which is only Rp. 14.8 trillion.

The reason for the low distribution of KUR was because banks appointed as KUR distributors were very careful in lending, because they did not get sufficient information regarding the conditions of MSMEs. The majority of MSME entrepreneurs are not able to provide accounting information related to the conditions of their business (Baas and Schrooten 2006).

With adequate accounting, MSME entrepreneurs can meet the requirements in applying for credit, such as making financial statements (Warsono 2009). However, the bookkeeping implementation is difficult for MSMEs because of the limited knowledge of accounting, the complexity of the accounting process, and the assumption that financial statements are not important for MSMEs (Said 2009). Various other limitations faced by MSMEs are educational backgrounds that are NOT ACCORDING to accounting or bookkeeping, lack of discipline in carrying out accounting bookkeeping, as well as lack of funds to hire accountants or buy accounting software to facilitate accounting .

The Financial Accounting Standards Board (DSAK) in 2009 approved the Accounting Standards for Entities without Public Accountability (SAK ETAP). The SAK ETAP will be effective as of January 1, 2011 but the application before the effective date is allowed. The use of SAK ETAP is intended for entities without public

accountability, namely entities that: 1) Do not have significant public accountability, and 2) Entities that issue financial statements for general purposes for external users. SAK ETAP is an accounting standard whose use is intended for business entities that do not have public accountability, such as micro, small and medium business entities (MSMEs). SAK ETAP is more easily compliant and not as complex as General SAK. In addition to the SAK ETAP, another convenience for MSMEs in accounting accounting is the increasing number of accounting software that can be used by MSMEs. In the future, it is expected that UMKM will be able to carry out accounting books to present financial reports so that it is easier for MSME entrepreneurs to obtain financing.

One form of MSME business that develops in Jambi Province is the emergence of several local creative industry businesses that are featured in Jambi Province. The creative industries include Jambi batik craft industry, Jambi songket handicraft industry, wooden handicraft industry, Jambi batik batik craft industry and handicraft accessories for ancient coins and silver originating from local resources processed to have high economic value. Human resources from Jambi Province have a high level of creativity. This is evidenced by the presence of creative products produced by the people in Jambi Province. Goods or objects that were previously not in demand were not even glanced by people, converted into creative products and have economic value that has a selling value. This creativity can ultimately attract someone's desire to buy the product. The number of creative products from Jambi Province can be found in various tourism objects in Jambi Province.

2. Literature Review
2.1. Creative Industry
Creative industries can be interpreted as a collection of economic activities related to the creation or use of knowledge and information. The creative industry is also known as the Cultural Industry (especially in Europe) or the Creative Economy. The Indonesian Ministry of Trade stated that the creative industry is an industry that derives from the utilization of creativity, skills and individual talent to create prosperity and employment by producing and exploiting the individual's creative and creative power. According to Howkins, the Creative Economy consists of advertising, architecture, art, craft. design, fashion, film, music, performing arts, publishing, Research and Development (R & D), software, toys and games, Television and Radio, and Video Games). Different definitions also arise regarding this sector. But so far Howkins' explanation is still not internationally recognized.

Creative industries are seen as increasingly important in supporting welfare in the economy, various parties argue that "human creativity is the main economic resource" and that "the industry of the twenty-first century will depend on the production of knowledge through creativity and innovation. Various parties provide different definitions regarding activities included in the creative industry. Even the naming itself becomes an issue that is debated with significant differences and overlaps between the terms of the creative industry, the cultural industry and the creative economy.

The sub-sector which is a creativity-based industry in Indonesia based on the mapping of the creative industry that has been carried out by the Ministry of Trade of the Republic of Indonesia is advertising, architecture, art, craft, design, fashion, video, film and photography, interactive games, music, performance arts business, publishing and printing, computer and software services, television and radio, research and development, and culinary.

2.2. Finance Report
The company's financial performance is an internal or micro factor. Events that occur inside the company will only affect certain companies or industries, do not affect other companies or industries, so that the events can be controlled by the company. Company performance is usually measured by periodic financial statements issued, which provide an overview of the company's financial position. To assess the achievements and conditions of a company, certain measures are needed. The measure that is often used is the ratio, which shows the relationship between two financial data. Ratio analysis aims to assess the effectiveness of decisions that have been taken by the company in order to carry out its business activities (Munawir, 2001). This ratio analysis itself has various limitations, some examples include many companies using the "window dressing" technique which is a technique to beautify financial statements so that the report looks better, differences in operating and accounting practices can cause distortion in comparison, difficulty determining whether a ratio " good "or" bad "because not necessarily a good ratio reflects all the constituent elements is good, and usually a company can have a number of ratios that look" good "while other ratios are" bad "so it is difficult to say whether the whole company is good or bad (Helfert, 1996) This ratio analysis is indeed useful but must be adjusted to the needs of the company's assessment and what aspects will be assessed. Financial performance reporting can be seen from the level of sales and profits obtained by the company or in this case it appears in the financial statements prepared.

Financial statements are a summary of a recording process, which is a summary of financial transactions that occurred during the financial year concerned. Statement of Financial Accounting Standards (PSAK) No. 1 (Revised 1998) concerning the presentation of financial statements states that the complete financial statements

consist of the following components:
a) Balance Sheet,
That is a report that shows the financial condition of a company on a certain date.
b) Income Statement,
That is a report that shows the results of operations and costs during an accounting period.
c) Equity Change Report,
That is a report that shows the causes of changes in equity from the amount at the beginning of the period to the amount of equity at the end of the period.
d) Cash Flow Statement,
Shows incoming and outgoing current flows which are differentiated into operating cash flows, investment cash flows and cash flows.
e) Notes to financial statements.
The purpose of financial statements is to provide information concerning financial position, performance, and changes in the financial position of a company that is beneficial to a large number

2.3. Research Roadmap
Based on the background and the initial analysis that has been done previously above, then this research roadmap can be arranged as shown in the figure below;
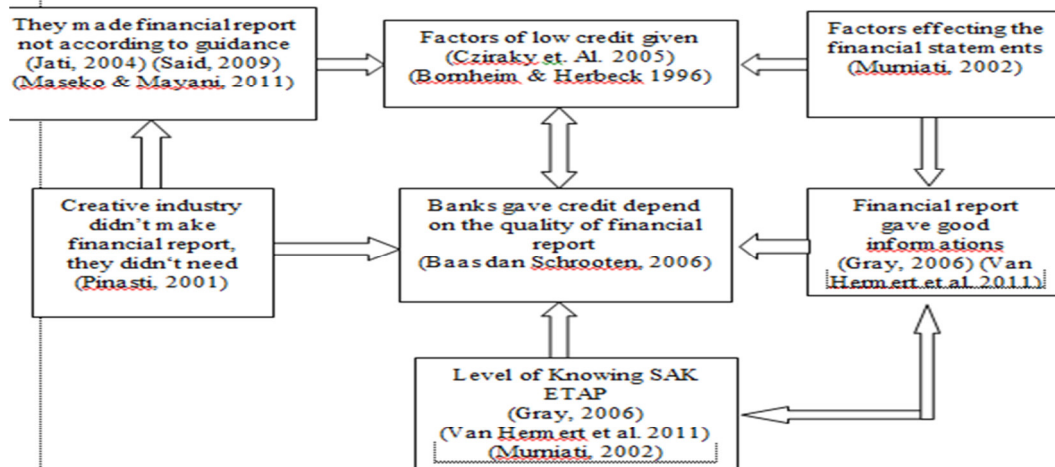

Figure 1. Research Roadmap

3. Research Hypothesis
Based on some theories above, it is formulated research hypothesis as follows:
H1 : The understanding of managers with SAK ETAP (small business accounting standards) was still low.
H2 : The quality of the corporate financial reporting was still low.
H3 : The greater the company, the better the quality of its financial reporting.
H4 : The better the quality of company financial reporting and the higher the level of suitability with SAK ETAP (small business accounting standards).
H5 : The better the quality of company financial reporting and the higher the level of suitability with SAK ETAP and the better its business performance

4. Research Methods
4.1. Population and Sample
This study was designed as a research in descriptive-analytical type verification with the help of multiple regression analysis tools. Data collection was carried out by surveying creative industry managers in Jambi Province. As for the number of creative industries in the city of Jambi, which became a study population, there were approximately 1961 creative industry entrepreneurs, in detail can be seen in the table below:

Table 1
List of Creative Industries in Jambi Province

No	Name of Industry	KJ	MJ	BH	TB	BG	MN	SR	SP	KR	Total
1	Batik handycraft	50	16	22	18	8	6	12	18	22	172
2	flate stone Industry	136	33	18	16	23	11	7	22	19	285
3	Bean industry	90	36	30	41	39	31	24	26	21	338
4	Food industry	49	34	29	12	31	14	11	33	29	242
5	Wet cake industry	47	13	26	13	33	19	17	29	31	228
6	Keripik industry	179	61	35	42	27	16	18	23	42	443
7	Others food industry	72	22	32	16	35	18	11	21	26	253
	Total	623	215	192	158	196	115	100	172	190	1961

Sources : Dinas Perindag of Jambi Province 2017
Notes;
KJ = Jambi City   MJ = Muara Jambi   BH = Batang hari   TB = Tebo
BG = Bungo   MN = Merangin   SR = Sarolangun   SP = S. Penuh
KR = Kerinci

Many research sampling formulas can be used to determine the number of research samples. In principle, the use of research sample withdrawal formulas is used to facilitate technical research. For example, if the study population is very large or reaches thousands or the area of the population is too large, then the use of certain sampling formulas is intended to reduce the number of sampling or narrow the population area so that the technical research becomes smooth and efficient. Practical examples of sampling that are most widely used in research are as follows:

Slovin formula

$$n = \frac{N}{1 + N(e)^2}$$

N = population size
e = percent looseness of inaccuracy due to sampling errors that can still be tolerated or desirable, for example 10%.

Sample withdrawal techniques use Cluster Random Sampling. Based on the results of the calculation of this research sample using slovin totaling 332 creative industries. The stages of the research method used in this study include several stages as shown in Figure 2 :

Problems Identificatio → Collections of data & literature → Model development → Hypothesis testing → Results of analysis
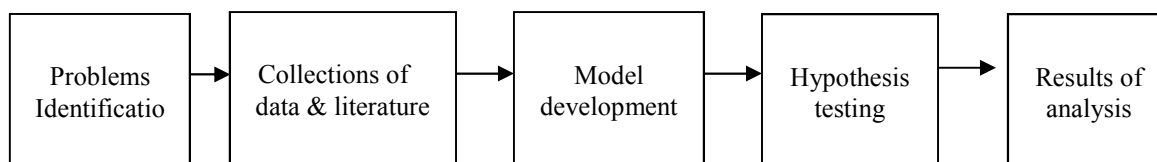
Figure 2. Stages of Research Methods

The variables to be examined in this study are the provision of information and SAK ETAP socialization, levels and educational background, size of related businesses and length of business standing related to understanding of creative industry entrepreneurs in Jambi Province regarding SAK ETAP and perceptions of Jambi Province creative industry entrepreneurs about the importance of bookkeeping and financial reporting. In addition there are also financial report quality variables.

Testing phases with multiple regression analysis (in general)
1. Calculate the estimation of Multiple Linear Regression equations using the Ordinary Least Square (OLS) method, as follows:

Regression - Model 1
Y1 = α1 + α2 EDU-LAST + α3 EDU-BACKG + α4 SIZE + α5 AGE-CO + ei
Information:
Y1 = Understanding of Creative Industry entrepreneurs related to Financial Statements,
EDU-L = Last respondent education,
EDU-BACKG = respondent's educational background,
SIZE = Company size,
AGE-CO = The length of time standing,
Regression - Model 2
Y2 = β1 + β2 CREDIT + β3 SIZE + β4 AGE-CO + β5 COLLATERAL +

β6 JK_CREDIT + ei

Information :

Y2 = Quality of the Creative Industry financial report

CREDIT = Number of credits received by the Creative Industry,

SIZE = Company size,

AGE-CO = The length of time standing,

GUARANTEE = Amount of guarantee for credit provided by the Creative Industry,

JK_CREDIT = Credit period,

INFO = The level of information and socialization received by industrial entrepreneurs Creative related to the implementation of SAK ETAP.

Regression - Model 3

Y3i = γ1 + γ2 FIN-REPORT i + γ3 EDU-Li + γ4 EDU-BACKi + γ5 SIZEi + γ6 AGE-COi + ei

Information :

Y3 = Compatibility of Creative industry financial reports related to SAK ETAP,

FIN-REPORT = Contents of creative industry financial statements

EDU-L = Last respondent education,

EDU-BACKG = respondent's educational background,

SIZE = Company size,

AGE-CO = The length of time standing,

2. Calculating and compiling Anova List and testing the regression coefficient as a whole using F test (Sudjana, 1992), with the following formula:

$$F = \frac{JK\ (Reg)\ /\ k}{JK\ (S)\ /\ (n-k-1)}$$

Where :

JK (Reg) = the sum of squares for regression.

JK (S) = the sum of squares for the remainder.

k = degree of freedom for JK (Reg)

n - k - 1 = degree of freedom for JK (S)

n = number of research samples.

Test conclusions using the F test are as follows:

Ho: rejected if F counts> F Table on (α = 0,05 ; k – 1 ; N - k)

Ho: accepted if F counts <F Table on ((α = 0,05 ; 10 ; 153)

3. Before further analysis needs to be tested there is the presence or absence of autocorrelation using the Durbin-Watson test. Durbin - Watson statistics can produce values between 0 (zero) to 4 (four). If the value is close to 2 (two), it can be stated that there is no significant autocorrelation (Rietveld and Lasmono, 1994).

4. Testing the significance of each regression coefficient individually (partial) using t test, with the following formula:

$$T = \frac{\beta i}{S\beta i}$$

Ho: rejected if t count> t Table at (α = 0.05; N - k)

Ho: accepted if t count <t table at (α = 0.05; 153)

5. To determine the relationship of variation in changes in the dependent variable that can be explained by the independent variables together, the terminated coefficient (R2) is used, using the following formula:

$$R2 = \frac{JK\ Regression}{JK\ Total}$$

R2 values move from 0 to 1, the higher the R2 value means the more variable the dependent variable can be explained by the independent variable and the better the model (Gujarati, 1988).

4.2. Research Outcomes

The output of this research is obtaining data on the level and educational background of creative industry entrepreneurs, the size of the business and the length of standing effort and understanding of Jambi Province creative industry entrepreneurs about the importance of financial bookkeeping and reporting and about SAK ETAP as the basis for financial recording and reporting. The information will eventually be used as a basis or foundation in the preparation of the blueprint for the development of creative industries in Jambi Province. Jambi Province's creative industry business development is linked to the large amount of credit that will be provided by

banks to creative industry entrepreneurs in Jambi Province, because as we all know, one of the factors considered by banks in lending to entrepreneurs is the availability of quality financial reports and in accordance with established standards. In addition, the results of this study will also be published in accredited national journals that have an ISSN.

4.3. Research Sites
As for the location of this research are all MSME managers, especially the creative industry who are registered in the Disperindag office of Jambi Province, who come from various kinds of creative industries in Jambi Province. Creative industries in Jambi Province include Jambi Batik Crafts Industry, Brick Industry, Soybean Tempe Industry, Processed Food and Cuisine Industry, Wet Cake Industry, Crackers and Peyek Chips, Other Food Products Industry.

5. Analysis Of Results And Discussion
5.1. Statistical Descriptive Analysis
The sample distribution based on the location of the business is 332 respondents in the Jambi Province with the proportional distribution for each region in the Regency / City in Jambi Province, each of Jambi City is 106 respondents, Muaro Jambi is 36 respondents, Batanghari, Tebo, Bungo 33 respondents each, Merangin as many as 19 respondents, Sarolangun as many as 17 respondents, Sungai Penuh as many as 29 respondents and Kerinci as many as 32 respondents. The last formal education taken by respondents was dominated by high school / vocational school graduates, namely 230 respondents. Based on the type of business carried out, the majority of respondents engaged in trading or buying and selling as many as 226 respondents, then 50 business respondents engaged in services, 41 respondents in manufacturing, and 15 respondents in the field of agribusiness (agriculture). If grouped according to the size of the business, 160 respondents have businesses classified as micro business groups, 106 respondents belong to the small business group, and 66 respondents belong to the medium business group. For respondents who had received bank credit, there were 228 respondents. From Table 1 it can be seen that the understanding variable (Y1) of Creative Industry entrepreneurs on the importance of financial statements shows that 50% of respondents answered financial statements are very important. This shows that in general the Creative Industry which is the respondent has a need to produce financial statements. The perception of the importance of financial bookkeeping and reporting is likely to arise from the increasing need to have a financial report for various purposes such as credit application requirements, business evaluation, and as input for business expansion decisions. Basri and Nugroho (2009) stated that the main problems of the Creative Industry are related to financial management, credit applications, workforce skills training, entrepreneurship training and others. Many of the Creative Industry entrepreneurs began to pay attention to the bookkeeping and financial reporting process to be able to overcome the problems of financial management and credit. However, it can be seen from the quality of the financial report quality (Y2) that the quality of the financial statements has a fairly wide range and a fairly high standard deviation, which shows the quality of the financial statements produced by respondents is quite varied. Furthermore, based on the suitability of financial report variables with SAK ETAP (Y3).

Table 2
Descriptive Statistic

Variable	0	1	2	3	4
Y1	-	30%	6%	14%	50%
Y2	34%	24%	28%	0%	8%
Y3	45%	17%	20%	17%	1%
FIN-REPORT	49%	20%	18%	13%	-
EDU-L	-	10%	69%	21%	-
EDU-BACKG	-	78%	18%	4%	-
SIZE	-	48%	32%	20%	-
AGE-CO	-	12%	14%	74%	0%
COLLATERAL	38%	4%	16%	28%	2%
JK_CREDIT	34%	22%	44%	0%	0%
INFO	60%	10%	25%	5%	0%
VARIABLE	Mean	Median	Max	Min	Std Dev
Y2	5.38	5	11	0	3.06987

Y1 = Understanding of Creative Industry entrepreneurs related to financial statements, Y2 = quality of financial statements of Creative Industries, Y3 = Completeness of Financial Statements with SAK ETAP, FIN-REPORT = Contents of creative industry financial statements, CREDIT = number of credits received by Creative Industries, EDU-L = last education respondent, EDU-BACKG = respondent's educational background, SIZE = company size, AGE-CO = length of standing business, GUARANTEE = amount of guarantee for credit given by Creative

Industry, JK_CREDIT = credit period, INFO = level of information and socialization received by Creative Industry entrepreneurs related to the application of SAK ETAP,

It is seen that 45% of respondents have not compiled financial statements in accordance with SAK ETAP. The probable cause is because the level of information and socialization (COMPETITION) SAK ETAP that they received is still relatively limited. 60% of respondents said they had never received adequate socialization and information related to SAK ETAP. Based on the latest level of education (EDU-L), the majority of respondents (69%) have a high school / vocational high school education which can cause limited knowledge of the latest developments affecting their business, including the development of accounting standards. 48% of respondents' business scale is micro scale, 32% small scale, and 30% is medium scale Creative Industry. The majority of respondents (75%) have stood for more than 3 years, meaning that the majority of respondents are not newly established companies. The respondent's educational background variable (EDU-BACKG) shows that the majority of respondents have respondents' educational backgrounds outside accounting, economics or management, so that their chances of being less COMPATIBLE for the importance of financial accounting and reporting. 34% of respondents do not have credit from banks. About 50% have credit from banks with a relatively small amount, which is a maximum of only Rp. 25 million, and the majority also have a maximum guarantee value for credit of Rp. 25 million. Credit terms (JK_CREDIT) provided by banks for the Creative Industry which are the research respondents are only up to 3 years

5.2. Hypothesis Testing and Discussion

To see the relationship between variables, in Table 3 presented the correlation of variables in Model 1.

Table 3

Correlations – Model 1

VARIABLE	IK_PERSEP	EDU-L	EDU-BACKG	SIZE	AGE-CO
Y1	1.00	0.13	0.18	0.67***	-0.13
EDU-L		1.00	0.37**	0.12	-0.31**
EDU-BACKG			1.00	0.33**	-0.20
SIZE				1.00	0.03
AGE-CO					1.00

Y1 = Understanding of Creative Industry entrepreneurs related to Financial Statements ,, EDU-L = last respondent's education, EDU-BACKG = respondent's educational background, SIZE = company size, AGE-CO = length of standing,

*** significant $\alpha = 1\%$ (2-tailed) ** significant $\alpha = 5\%$ (2-tailed)

Perception variable (Y1) correlates most strongly with business size (SIZE). This gives an initial indication that the variables that have a strong influence on the perception of the Creative Industry regarding IFRSs are the business size variable (SIZE). From the correlation table, there is no correlation value between independent variables higher than 0.80, so there is no indication of multicollinearity problems.

Table 4

Correlations – Model 2

VARIABLE	CREDIT	Y2	SIZE	AGE-CO	COLLATERAL	JK_CREDIT
Y2	1.00	0.10	0.69**	0.08	0.96***	0.78***
CREDIT		1.00	0.35**	-0.11	0.05	0.05
SIZE			1.00	0.03	0.67***	0.63***
AGE-CO				1.00	0.05	0.08
COLLATERAL					1.00	0.77***
JK_CREDIT						1.00

Y2 = quality of financial statements Creative Industry CREDIT = amount of credit received by the Creative Industry, SIZE = size of company, AGE-CO = duration of standing business, GUARANTEE = amount of collateral for loans provided by Creative Industry, JK_CREDIT = credit period,*** significant $\alpha = 1\%$ (2-tailed) ** significant $\alpha = 5\%$ (2-tailed)

Furthermore, model 2 correlation (in Table 4) above shows that the quality of creative industry financial reports (Y2) has a significant positive correlation with several independent variables, among others: the amount of credit (CREDIT), business size (SIZE), guarantees provided (GUARANTEE), and credit terms (JK_CREDIT).

Table 5
Correlations – Model 3

VARIABLE	Y3	INFO_CREDIT	EDU-L	EDU-BACKG	SIZE	AGE-CO
Y3	1.00	0.40 ***	0.24	0.17	-0.02	-0.38 **
FIN-REPORT		1.00	0.16	0.18	0.43 ***	-0.06
EDU-L			1.00	0.37 **	0.12	-0.31 **
EDU-BACKG				1.00	0.30 **	-0.20
SIZE					1.00	0.03
AGE-CO						1.00

Y3 = Compatibility of Creative industry financial reports related to SAK ETAP ,, FIN-REPORT = Contents of creative industry financial statements, EDU-L = last respondent's education, EDU-BACKG = respondent's educational background, SIZE = company size, AGE-CO = length of business standing *** significant α = 1% (2-tailed) ** significant α = 5% (2-tailed)

Table 4 above shows the correlation between variables in model 3. The dependent variable Y3 only correlates significantly with the FIN-REPORT and AGE-CO variables. From the correlation table, there is no correlation value between independent variables higher than 0.80, so there is no indication of multicollinearity problems.

Table 6
Regression Results – Model 1
Y1 = α1 + α2 EDU-LAST + α3 EDU-BACKG + α4 SIZE + α5 AGE-CO + ei

Variable	Expected	Coeficients	t-stat	Sig
C		1.7666	1.7823	0.0815
EDU-L	+	0.0102	0.0373	0.4852
EDU-BACKG	+	0.0675	0.2158	0.4150
SIZE	+	1.1066	5.4213	0.0000 **
AGE-CO	+	-0.3502	-1.5178	0.0000 *
Adjusted R Square		0.3775		
F		8.4272		
Sig		0.0000 ***		

Y1 = Understanding of Creative Industry entrepreneurs related to Financial Reports ,, EDU-L = last respondent's education, EDU-BACKG = respondent's educational background, SIZE = company size, AGE-CO = length of business standing.
 *** significant α = 1% ** significant α = 10%

The test results of model 1 can be seen in Table 5. The last level of education level (EDU-L) does not have a positive effect on the understanding of creative industry entrepreneurs related to financial statements (Y1) (H1a rejected). This is likely because most respondents have the highest education level of SMA / SMK, with a majority of non-accounting education background. This is what is likely to cause the last level of education does not affect the perception of the importance of bookkeeping.

The next variable is the educational background of Creative Industry entrepreneurs (LDPBLK ¬ PDDK) does not affect the understanding of creative industry entrepreneurs related to financial statements (Y1) (H1d rejected). This may be due to the majority of respondents' educational backgrounds who were not from the accounting or economic fields, so they did not consider bookkeeping to be important regularly.

Business size (SIZE) has a positive effect on the understanding of creative industry entrepreneurs regarding financial statements (Y1) (H1b is not rejected). This significant positive influence shows that at the time of growing and the size of the Creative Industry business, the entrepreneur began to view the importance of the financial statements. The greater the business, the owner begins to think about the importance of financial bookkeeping and reporting to assist in asset management and assessment of its financial performance. The results of the questionnaire showed that only about 6% (3 respondents) of the Creative Industry had not done accounting bookkeeping and preparation of financial statements even in a very simple form and when asked why the respondents answered because their very small businesses did not need it and they can still rely on their memories in managing their finances.

The variable length of business standing (AGE-CO) has a significant negative effect on the understanding of creative industry entrepreneurs related to financial statements (Y1) (H1c rejected). This is different from the initial assumption that the length of business standing has a positive effect on the perception of entrepreneurs. This condition shows that the younger the business age will make better perceptions related to the importance of bookkeeping and business reporting and the longer the business stands, the more important perception will affect the smaller.

According to Anderson and Eshima (2011), younger companies are more likely to have an organizational structure that is more flexible and reactive than older companies, and also have higher entrepreneurial traits. At

the beginning of the establishment, usually entrepreneurs may have to try to do various things (including keeping a neat record in order to know the progress of their business) in order to survive and increase their business in the future. The newly established company is also still in the stage with limited internal funding potential, thus requiring more access to external funding sources (Mazanai and Fatoki 2012). Financial reports are usually one of the requirements for applying for credit to banks. This is what is likely to cause the perception of the younger Creative Industries to view bookkeeping and financial reporting as more important.

Table 7
Regression Results – Model 2
Y2 = β1 + β2 CREDIT + β3 SIZE + β4 AGE-CO + β5 COLLATERAL + β6 JK_CREDIT + ei

Variable	Expected	Coeficients	t-stat	Sig
C		-0.6707	-2.2047	0.0328
CREDIT	+	0.0171	0.7391	0.2319
SIZE	+	0.2136	2.7229	0.0160 **
AGE-CO	+	0.1568	1.6631	0.0517 *
COLLATERAL	+	0.8547	13.9881	0.0000 ***
JK_CREDIT	-	-0.3512	-3.2009	0.0013 ***
Adjusted R Square		0.9062		
F		95.7120		
Sig		0.0000 ***		

Y2 = quality of the Creative Industry financial report, CREDIT = the amount of credit received by the Creative Industry, SIZE = company size, AGE-CO = standing time, GUARANTEE = amount of collateral for loans provided by UMKM, JK_CREDIT = significant credit period *** α = 1% * significant α = 10%

The results of the Model 2 testing are presented in Table 6. The amount of credit received by the creative industry (CREDIT) does not have a significant effect on the quality of the Creative Industry financial report (Y2) (H2a rejected). The possibility of explaining the results is because the Creative Industries financial report has not become a reliable and relevant source of information for banks. Baas and Schrooten (2006) stated that one of the causes in almost all of the Creative Industries world to experience difficulties in obtaining bank credit is the limited information on Hard Information (ie financial statements) with quality that is in line with banking standards that can be provided by the Creative Industry. The quality of financial reports that are still relatively low is an obstacle for banks to be able to rely on financial information contained in the financial statements.

There is a limitation of hard information, possibly causing banks to rely more on soft information, such as assets-based lending (ie based on assets owned by the Creative Industry that can be used as collateral for credit). This is evident from the significant influence of credit guarantee variables (GUARANTEE) on the quality of Creative Industries financial statements (Y2) (H2d not rejected). According to the results of an interview with one of the small industry entrepreneurs who were respondents, the financial statements of Creative Industry entrepreneurs became one of the administrative requirements that should be fulfilled if the entrepreneur wanted to apply for credit to the bank. However, Creative Industry entrepreneurs, especially micro and small sectors, still do not have reliable financial reports so that in the process of determining the amount of credit given will be determined through other factors with a greater weighting of the financial report availability, such as the results of field surveys carried out, which includes an assessment of fixed assets owned and business activities directly, and also the length of credit terms submitted, as well as guarantees provided by employers.

According to one respondent, his business which has been classified as large enough with a yearly turnover of more than Rp. 250,000,000, but until now it is still very difficult to make financial reports for these businesses. Although so far there have been many who provide accounting bookkeeping training, but due to limited understanding and time to make books, bookkeeping is not carried out regularly. In connection with the bank loan he obtained, he said that the financial statements were needed as a requirement in applying for credit, but at that time he was assisted by the Creative Industries fostering institution to prepare all administrative requirements, including the financial statements of the last three months so that the credit application process went smoothly and easy without obstacles.

There are several obstacles experienced by Creative Industry entrepreneurs in carrying out their accounting books. These constraints include the problem of not being diligent in carrying out bookkeeping, the busyness of the business that makes the transaction bookkeeping often forgotten, to the educational background that is not from the accounting field or bookkeeping that makes their understanding limited. If the Creative Industry businessman wants to employ accounting special staff or use accounting-specific software, for most alternative actors it is not yet the first choice, considering the cost of hiring special staff or buying accounting software is still considered quite burdensome and not in accordance with the direct benefits that will be obtained. The majority of Creative Industries have carried out the bookkeeping process, such as documenting transaction

evidence such as receipts, receipts, invoices, and also carrying out the process of simple transaction bookkeeping, as every sale of goods sold has been recorded in a special note. The majority of respondents stated the importance of accounting standards for the Creative Industry that can help produce more informative information and can improve the quality of financial reports. They want an improvement in the quality of current financial bookkeeping and reporting to provide greater benefits for their business development

The business size variable (SIZE) has a positive effect on the quality of creative industry financial reports (y2) (H2b not rejected). This is because banks often pay attention to business size as one of the considerations in determining the amount of credit given. The variable of long standing business (AGE-CO) has a significant positive effect on the quality of creative industry financial reports (Y2) (H2c not rejected). Banks will be more willing to provide larger loans to companies that have been established for a long time, because the risk of their business is smaller than that of companies.

Table 8
Regression Results – Model 3
$$Y3i = \gamma1 + \gamma2\ FIN\text{-}REPORT\ i + \gamma3\ EDU\text{-}Li + \gamma4\ EDU\text{-}BACKi + \gamma5\ SIZEi + \gamma6\ AGE\text{-}COi + ei$$

Variable	Expected	Coeficients	t-stat	Sig
C		0.3308		0.3896
FIN-REPORT	+	0.1627	2.1849	0.0171 **
EDU-L	+	0.1189	1.1336	0.1316
EDU-BACKG	+	0.0639	0.5292	0.2996
SIZE	+	-0.0859	-1.0201	0.1566
AGE-CO	+	-0.1855	-2.0998	0.0208 **
Adjusted R Square		0.1622		
F		2.8970		
Sig		0.0240 **		

Y3 = = perception of businessmen regarding the importance of financial reporting, FIN-REPORT = financial report of Creative Industry, EDU-L = last respondent education, EDU-BACKG = respondent's educational background, SIZE = company size, AGE-CO = standing time
** significant α = 5% * significant α = 10%

The test results for model 3 can be seen in Table 8 above, where the variable contents of financial statements compiled by creative industries (FIN-REPORT) have a significant positive effect on the level of suitability of understanding of Creative Industry entrepreneurs on IFRSs (Y3) (hypothesis 3a not rejected). The results of the questionnaire showed that only about 36% knew about SAK ETAP, while the remaining 64% claimed they had never known or heard of SAK ETAP. Of the respondents who answered knowing SAK ETAP, only about 11 respondents had received training related to SAK ETAP. However, from the results of further interviews, it was known that the training referred to by the respondent was still about basic accounting training provided by the Creative Industry fostering institution, or from the banking sector that acted as the supplier of credit. This was also reinforced by confirmation from the Creative Industry Center and the Bank Mandiri as one of the Creative Industries credit lenders. According to them, the training provided is basic technical training in accounting accounting, such as how to store transaction evidence, such as receipts, receipts, invoices, etc., as well as providing basic accounting accounting techniques such as processes in the accounting cycle to preparing financial statements. Creative Industry Entrepreneurs argue that there is still a need for SAK ETAP socialization. More than 50% of respondents answered it was important and it was very important that better and more targeted SAK ETAP socialization should be carried out.

The method of socialization expected by Creative Industry entrepreneurs related to SAK ETAP is by continuing training by giving practice modules to entrepreneurs. According to them this way can be more easily practiced directly on their business. All this time accounting or socialization training is more of a seminar day, so it only provides theory but lacks aspects of practice. They argue that the party most responsible for the implementation of this socialization is the Ministry of Cooperatives and Creative Industry, because according to respondents from the Ministry of Cooperatives and Creative Industry who best understand the current conditions of the Creative Industry, ranging from geographical conditions, employers' backgrounds, types of businesses so that given can be in accordance with the needs of Creative Industry entrepreneurs.

Educational background variables (EDU-BACKG) have no significant effect on the level of suitability of understanding of Creative Industry entrepreneurs on IFRSs ETAP (Y3) (H3b rejected). This condition is likely to occur because the majority of respondents have an educational background not from the field of economics or accounting. 5 of the 11 respondents who had received SAK ETAP training admitted that they had difficulty understanding SAK ETAP because their previous educational background was not from economics or accounting, so they needed more time to understand the explanation in the socialization.

The next variable at the last level of education (EDU-L) did not have a significant effect on the level of suitability of understanding of Creative Industry entrepreneurs on IFRSs ETAP (Y3) (H3c rejected). This is

likely to be influenced by the educational background of more non-accounting respondents. The business size variable (SIZE) has no significant effect on the level of conformity of understanding of Creative Industry entrepreneurs on SAK ETAP (Y3) while the business duration (AGE-CO) has a significant negative effect on the level of suitability of understanding of Creative Industry entrepreneurs on SAK ETAP (Y3) (H3d and H3e rejected) . This shows that understanding of SAK ETAP is not positively influenced by the size of the company and also the length of business. Companies that are bigger and longer standing do not necessarily have a better understanding. The negative influence of long standing business shows that understanding of SAK ETAP will be more easily obtained by entrepreneurs who have just established their businesses. When a new business is established, it will encourage an entrepreneur to be more active in seeking information and ways to develop his business in the future. According to Mazanai and Fatoki (2012), newly established companies have limited internal funding potential so they need more external funding sources. To get credit from banks, they need to prepare financial reports so they need to have an adequate understanding of accounting standards.

Based on the above results, it can be said that the prospect of implementing SAK ETAP in 2011 to improve the quality of the financial statements of the Creative Industry has not been optimal. Considering that until now the understanding of SAK ETAP owned by Creative Industry entrepreneurs is still very low. From the results of the interview, it was also known that the Creative Industry coaches still had understanding

6.1 Conclusions And Suggestions
6.1. Conclusions
The Respoden Creative Industry in this study has a perception that financial bookkeeping and reporting are quite important in the growth and development of its business. Based on the results of the research that has been done, conclusions can be drawn as follows:

A. Factors that influence the understanding of creative industry managers regarding financial statements:

1. The latest education does not affect the understanding of creative industry managers regarding financial statements.

2. Educational background does not affect the understanding of creative industry managers regarding financial statements

3. Company size affects the understanding of creative industry managers regarding financial statements

4. The age of the company has a negative effect on the understanding of creative industry managers regarding financial statements

B. Factors that influence the quality of creative industry financial reports:

1. The amount of credit does not affect the quality of the creative industry financial statements

2. Credit guarantees do not affect the quality of the creative industry financial statements.

3. Company size has a positive effect on the quality of the creative industry financial statements.

4. Company age has a positive effect on the quality of the creative industry financial reports.

5. The term of credit has a negative effect on the quality of the financial statements of the creative industry.

C. Factors that influence the suitability of understanding creative industry managers with SAK ETAP.

1. The contents of creative industry financial statements have a positive effect on the suitability of understanding the creative industry managers on SAK ETAP

2. Educational background does not affect the suitability of understanding of creative industry managers with respect to SAK ETAP

3. The last respondent's education did not affect the suitability of the understanding of the creative industry managers to SAK ETAP

4. The size of the business has a positive affect on the suitability of the understanding of the creative industry managers to SAK ETAP

5. Business age does not affect the suitability of understanding of creative industry managers to SAK ETAP

5.2. Suggestions
It is suggested that the creative industry coaches (government and related parties) to be able to provide intensive guidance on the importance of the company's financial bookkeeping. So that industrial entrepreneurs really know whether the business they are running is profitable or perhaps they were losing money. Micro or small business groups need accounting standards that are much simpler than SAK ETAP. Medium-scale companies are more in need of SAK ETAP to produce financial reports that are in line with the needs of interested parties.

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