Implementation of Efficiency, Size, Age, Profitability, and Ownership in Micro, Small and Medium Enterprises

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Abstract

Micro, small and medium enterprises comparison between input and output, a comparison between operating expenses and income to measure the level of efficiency and capability of micro, small and medium enterprises in carrying out their operational activities business size, business age, profitability, and ownership greatly influence the level of compliance of micro, small and medium enterprises in reporting finances small and medium enterprises can take strategic steps to improve the quality of accounting records in the micro, small and medium enterprises sector, which will ultimately support more sustainable business growth.

Keywords: Micro small and medium enterprises, Reporting Finance, Business Growth.

Introduction

Micro, small and medium enterprises have a great opportunity to get credit for additional capital. Until now, there have been many financing programs for micro, small and medium enterprises, both run by the government and by micro, small and medium enterprises. The majority of micro, small and medium enterprise entrepreneurs have not provided accounting information related to their business conditions, making this information more expensive for micro, small and medium enterprises.

Business efficiency is the best comparison between input and output, a comparison between operating expenses and income to measure the level of efficiency and capability of micro, small and medium enterprises in carrying out their operational activities.

Business size can be measured by total assets that can influence a decision in micro, small and medium enterprises in making accounting records. Micro, small and medium enterprises that have high total assets tend to be able to make accounting records. The more assets in the micro, small and medium enterprises sector, the more they will continue to implement accounting records focused on managing the funds they have rather than making accounting records.

Business size can be measured by the total assets that can influence a decision in micro, small and medium enterprises in making accounting records. Micro, small and medium enterprises that have high total assets tend to be able to make accounting records, the more assets there are in the micro, small and medium enterprises sector, the more micro, small and medium enterprises will continue to implement accounting records, uBusiness size is a category used to distinguish the scale or size of a business based on various factors, such as the number of employees, turnover, assets, or capital used. Business size is often used by governments and financial institutions to determine policies, permits, or assistance that are

appropriate to the scale of the business.
Age of business is a factor that also plays an important role in the micro, small and medium enterprises sector that has been established for a long time will find it difficult to implement accounting records and follow the times, unlike the micro, small and medium enterprises sector that has just been established, it will usually be faster to implement accounting records and follow the implementation of accounting records, the lower the business ownership sector is, the age of the business is a factor that also plays an important role in the micro, small and medium enterprises sector. micro, small and medium enterprises that have been established for a long time will find it difficult to implement accounting records and follow the times. Unlike the micro, small and medium enterprises sector that has just been established. It will usually be faster to implement accounting records and follow the age of the businessBusiness age refers to the length of time a business has been in operation since its inception. Business age is often used as an indicator of a business's stability, sustainability, and experience in facing market challenges.in order to maintain the company amidst competition with micro, small and medium enterprises that have been established for a long time.
Profitability is one of the very important factors in financial performance in micro, small and medium enterprises, the micro, small and medium enterprises sector that has high profits will be easier to do accounting records. The profits obtained in the micro, small and medium enterprises sector are distributed to the investors of the micro, small and medium enterprises so that the funds used in carrying out the Implementation of accounting records.Business profitability is the ability of a business to generate profits from its operational activities within a certain period of time. Profitability not only shows whether a business is profitable, but also how efficiently the business manages resources to generate profits.
Business ownership is the ownership of micro, small and medium enterprises divided into two ownership of government and private this is supported by the existing annual financial report data. micro, small and medium enterprises government can implement accounting records but significant growth rates. Business ownership is an ownership, business ownership is an ownership, micro, small and medium enterprises are divided into two ownerships, namely micro, small and medium enterprises government and micro, small and medium enterprises private in implementing accounting records such as micro, small and medium enterprises this is supported by the annual financial report data available at micro.

Literature review

According to Siyamto (2019),The efficiency of micro, small and medium enterprises in managing goods or inventory is still largely managed simply and manually. In addition, micro, small and medium enterprises require flexible management of goods or inventory according to today's more dynamic mobility when implementing efficiency, according to Suastini & Dewi (2018) Developing a business to be better requires sufficient funds and an opening between personal funds and company funds. Martha, & Haryati (2023) most MSMEs only use personal funds (capital) in running their businesses, and there is no separation between personal money and company money. According to Mintarsih et.al. (2020) in generalsimultaneous business scale, business age, education, and periodic accounting training for the use of accounting information
According to Khoiriyah & (2021),The success of a particular form, he shows, depends on the balance between the costs of contracting in the market and the costs of ownership. And he examines how this balance is influenced by history and by the legal and regulatory framework within which the firm is organized.Wibowo, (2022),if accounting knowledge, educational background, and business scale

influence the use of accounting information, while motivation and business age do not influence the use of accounting information. Budiantini, et.al., (2023) pdigital marketing has potential benefits, many SMEs are still not aware of the effective implementation of financial reporting, according to Villalonga & Amit (2020).family ownership of listed companies in developed countries using a holistic perspective that combines three approaches: formal institutional context, cultural context, and socio-economic development, in the studyClark et.al. (2013),ownership types also protect the objects stored in those fields, allowing objects to claim (exclusive) ownership and access to other objects. Furthermore, this notion is statically enforced by now-standard type checking techniques. According to Veblen (1898)ownership of businesses that are not at all connected with the creative industries is recognized and considered as a deviation from the normal; it is due to disturbing causes. The main position is hardly questioned, that in the normal case wealth is distributed in proportion to - and in some convincing sense because of - the recipient's contribution to the product. Not only is the owner's productive labor the definitive basis of his current ownership, but the origin of the institution of property is also traced to the productive labor of the wild hunter who produced two deer or one beaver or twelve fish. According to Rubin (2007)the liquidity-ownership relationship is mostly driven by institutional ownership rather than insider ownership, liquidity is positively related to total institutional ownership but negatively related to institutional block ownership.

Research methodology

Qualitative research method is a method used to answer research problems related to data generally in the form of narratives sourced from interview activities, observations, document mining. To be able to describe well the approach and type of research, the presence of researchers, research locations, data sources, data collection techniques, data analysis, and checking the validity of the findings. In-depth interviews were conducted with 500 micro, small and medium enterprises who practice understanding related to efficiency, business size, business age, business profits and business ownership which are important jobs in reporting business finances.

Discussion

This discussion will analyze how each of these factors affects the implementation of accounting records in micro, small and medium enterprises, efficiency and implementation of accounting records, operational efficiency refers to how micro, small and medium enterprises manage their resources to achieve maximum results with minimum costs. Micro, small and medium enterprises that have efficient operational systems tend to be better able to implement accounting records properly. Systematic financial records allow for more transparent and structured financial management. Inefficient micro, small and medium enterprises tend to ignore accounting records because they are considered an additional burden. Micro, small and medium enterprises that are more efficient in their operations tend to be more compliant in implementing financial records.

Efficiency is the best comparison between input and output, the result of profit with the resources used, a comparison between expenses and operating income to measure the level of efficiency and capability of micro, small and medium enterprises in carrying out their operational activities.Business efficiency is the ability of a business to optimally utilize resources of time, labor, capital, and raw materials to achieve maximum results at minimal cost. Business efficiency is very important because it has a direct impact on profitability, competitiveness, and business sustainability.

Business Size and the implementation of accounting records are related to the size of assets, turnover, and number of employees in micro, small and medium enterprises. Larger ones have more resources to implement standardized accounting records. Small-scale micro, small and medium enterprises tend to still use manual records or even have no financial records. The larger the size of micro, small and medium enterprises, the higher their tendency to make financial reports.

Business Age and financial reporting reflect the operational experience and stability of a micro, small and medium enterprises that have been operating for a long time are more likely to implement accounting records because they have more experience in financial management. New micro, small and medium enterprises tend to focus more on operational aspects than accounting compliance. However, some micro, small and medium enterprises that have been established for a long time still do not implement accounting records properly because they are accustomed to traditional or informal systems. The longer a micro, small and medium enterprise has been operating, the more likely they are to report finances although business habits also affect.

Profitability reflects the ability of micro, small and medium enterprises to generate profits from their operations. More profitable micro, small and medium enterprises are more likely to adopt a standardized financial recording system. Micro, small and medium enterprises that have high levels of profit tend to want to maintain the credibility of their business by implementing good accounting records. However, some micro, small and medium enterprises remain reluctant to report their finances even though their profitability is high because of a lack of awareness of the long-term benefits of accurate financial records. The higher the profitability of micro, small and medium enterprises, the more likely they are to implement accounting records.

Ownership and implementation of accounting records of business ownership structures also affect compliance in accounting records. Micro, small and medium enterprises in the form of partnerships or legal entities are more likely to report finances due to demands from other owners and external stakeholders.

Micro, small and medium enterprises owned individually or by families are often less disciplined in financial records, because the owners do not feel the need to separate personal and business finances. More structured ownership is usually more aware of the importance of transparency and good financial management. Micro, small and medium enterprises with more structured ownership are more likely to implement accounting records.

Conclusions and Implications

From the analysis above, it can be concluded that micro, small and medium enterprises that report finances are influenced by the following main factors: Factors such as efficiency, business size, business age, profitability, and ownership greatly influence the level of compliance of micro, small and medium enterprises in reporting finances. By understanding these factors, the government and owners of micro, small and medium enterprises can take strategic steps to improve the quality of accounting records in the micro, small and medium enterprises sector, which will ultimately support more sustainable business growth.

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