





# “Evaluation of the effectiveness of the ‘3-in-1’ financial reporting model in supporting the sustainability of MSMEs”

<b>AUTHORS</b>	Baratadewa Sakti Perdana  AM Muh Hafidz Ma’shum  Susminingsih Susminingsih 
<b>ARTICLE INFO</b>	Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum and Susminingsih Susminingsih (2024). Evaluation of the effectiveness of the ‘3-in-1’ financial reporting model in supporting the sustainability of MSMEs. <i>Accounting and Financial Control</i> , 5(1), 16-28. doi: <a href="https://doi.org/10.21511/afc.05(1).2024.02">10.21511/afc.05(1).2024.02</a>
<b>DOI</b>	<a href="http://dx.doi.org/10.21511/afc.05(1).2024.02">http://dx.doi.org/10.21511/afc.05(1).2024.02</a>
<b>RELEASED ON</b>	Wednesday, 31 July 2024
<b>RECEIVED ON</b>	Thursday, 30 May 2024
<b>ACCEPTED ON</b>	Thursday, 25 July 2024
<b>LICENSE</b>	 This work is licensed under a <a href="https://creativecommons.org/licenses/by/4.0/">Creative Commons Attribution 4.0 International License</a>
<b>JOURNAL</b>	"Accounting and Financial Control"
<b>ISSN PRINT</b>	2543-5485
<b>ISSN ONLINE</b>	2544-1450
<b>PUBLISHER</b>	LLC “Consulting Publishing Company “Business Perspectives”
<b>FOUNDER</b>	Sp. z o.o. Kozmenko Science Publishing



NUMBER OF REFERENCES

**38**



NUMBER OF FIGURES

**1**



NUMBER OF TABLES

**5**

© The author(s) 2024. This publication is an open access article.



## BUSINESS PERSPECTIVES



LLC "CPC "Business Perspectives"  
Hryhorii Skovoroda lane, 10,  
Sumy, 40022, Ukraine  
[www.businessperspectives.org](http://www.businessperspectives.org)

**Received on:** 23<sup>rd</sup> of May, 2024

**Accepted on:** 25<sup>th</sup> of July, 2024

**Published on:** 31<sup>st</sup> of July, 2024

© Baratadewa Sakti Perdana, AM  
Muh Hafidz Ma'shum, Susminingsih  
Susminingsih, 2024

Baratadewa Sakti Perdana, Post  
Graduate Student, UIN KH  
Abdurrahman Wahid, Indonesia.  
(Corresponding author)

AM Muh Hafidz Ma'shum, Lecturer,  
UIN K.H. Abdurrahman Wahid,  
Indonesia.

Susminingsih Susminingsih, Lecturer,  
UIN K.H. Abdurrahman Wahid,  
Indonesia.



This is an Open Access article,  
distributed under the terms of the  
[Creative Commons Attribution 4.0  
International license](https://creativecommons.org/licenses/by/4.0/), which permits  
unrestricted re-use, distribution, and  
reproduction in any medium, provided  
the original work is properly cited.

### **Conflict of interest statement:**

Author(s) reported no conflict of interest

Baratadewa Sakti Perdana (Indonesia), AM Muh Hafidz Ma'shum (Indonesia),  
Susminingsih Susminingsih (Indonesia)

# EVALUATION OF THE EFFECTIVENESS OF THE '3-IN-1' FINANCIAL REPORTING MODEL IN SUPPORTING THE SUSTAINABILITY OF MSMEs

## Abstract

Micro, Small and Medium Enterprises (MSMEs) play a crucial role in the global economy, but often face challenges in compiling and understanding financial statements. This study aims to identify effective financial reporting models for MSMEs in supporting the sustainability of their businesses in Indonesia. This qualitative field research focuses on MSME actors in the handicraft sector, household accessories retail, and laundry services. Through interviews, observations, and analysis of financial statement documents, it was found that the "3-in-1" financial statement model that integrates balance sheet, profit and loss, and cash flow in one worksheet provides significant benefits for MSMEs. This model offers a concise, easy-to-understand, and integrated presentation of financial information, allowing MSME actors to comprehensively understand the financial performance of their business. The results show that after 14 months of implementing the "3-in-1" model, the assets of one of the MSMEs increased by more than 1 billion rupiah. In addition, an informant in the retail sector reported a change from a loss of 16 million Rupiah to a profit of 44 million rupiah after improving the pricing procedure based on the "3-in-1" report. In the laundry service sector, the implementation of the "3-in-1" model allows business owners to pay themselves 50 thousand rupiah every day. This model has proven to be effective in supporting the sustainability of MSMEs by providing easy-to-understand financial reports, saving time and resources, and encouraging business growth. This study contributes to improving MSME financial literacy, better business decision-making, and encouraging innovation in financial reporting for the MSME sector.

## Keywords

MSMEs, accounting, reporting, automation, innovation,  
decision, sustainability, 3-in-1 model

## JEL Classification

M41, L26, G32

## INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have an important role in GDP growth and labor absorption in Indonesia. Based on data from the Coordinating Ministry for the Economy of the Republic of Indonesia (2022), MSMEs contribute up to 99% to the number of companies and contribute around 60% to national GDP. This significant role makes MSMEs the backbone of the national economy. However, MSMEs often face major challenges when it comes to effective financial reporting (Lishmah Dominic et al., 2023).

The complexity of conventional financial reporting models is one of the main challenges for MSMEs (Kaur et al., 2023). Complicated reporting standards are often difficult to understand and implement by MSME actors who generally do not have a strong accounting back-

ground (Aryani et al., 2023). This is exacerbated by the high cost of hiring professional accounting personnel, so many MSMEs are unable to prepare their own financial statements (Gardi et al., 2021). The lack of quality financial reports can hinder MSMEs' access to funding sources and reduce their ability to make informed business decisions (Ariani et al., 2024; Mynhardt et al., 2017).

In this digital era, digital literacy is a must for MSMEs to remain competitive (Pangarso et al., 2022). The adoption of digital technology not only improves operational efficiency but also allows MSMEs to better compile and understand financial statements (Susanti et al., 2023). Digital literacy allows MSME actors to innovate in their financial reporting models, provide a more accurate picture of their business performance, and reduce errors in financial recording and reporting (Saraa et al., 2020).

Thus, the study of the issue of implementation and improvement of systems and models of financial reporting in the activities of MSMEs is relevant for many countries of the world, including Indonesia.

---

## 1. LITERATURE REVIEW

MSMEs play a crucial role in the economy, not only in Indonesia but also globally. Many studies have shown that MSMEs play an important role in driving economic growth, creating jobs, reducing poverty, increasing innovation, and economic competitiveness (Nurhayati et al., 2021; Susanti et al., 2023; Wei et al., 2023).

The sustainability of MSMEs is an important factor in maintaining overall economic stability and growth. High-quality financial reports are a vital instrument for MSMEs to access funding sources, attract investors, and make the right business decisions (Nurcaya et al., 2024; Wei et al., 2023; Yacob et al., 2021; Yanto et al., 2022). Transparent and accurate financial statements provide a comprehensive picture of a company's financial performance, financial position, and cash flow, which is the basis for internal and external parties to assess the feasibility and growth potential of MSMEs (Gardi et al., 2021).

Although important, the preparation of quality financial statements is often a big challenge for MSMEs. The complexity of accounting standards such as PSAK (Statement of Financial Accounting Standards) in Indonesia that adopts IFRS (International Financial Reporting Standards) is often considered too complicated and irrelevant to the scale and characteristics of MSME businesses (Gunawan, 2023). Limited access to supporting technology and infrastructure can also make it difficult for MSMEs to implement effective financial reporting practices (Pusung et al., 2023). The

limitations of human resources, both in terms of quantity and quality, are also an obstacle. Many MSMEs do not have competent accounting staff or cannot afford to hire the services of professional accountants (Zulfikar et al., 2022). This causes many MSMEs to have difficulties in compiling financial statements that are in accordance with accounting standards and may hinder their access to funding sources (Ariani et al., 2024; Jin et al., 2021). Lack of understanding of accounting and financial reporting can also lead to errors in the recording of transactions, recognition of income and expenses, and valuation of assets and liabilities (Gunawan, 2023).

To overcome this challenge, financial literacy and digitalization are two important pillars. Adequate financial literacy enables MSME actors to understand basic accounting concepts, interpret financial statements, and use financial information for business decision-making (Rodríguez-Ortiz et al., 2022; Srisusilawati et al., 2022). Improving financial literacy can be achieved through training, workshops, or mentoring programs organized by governments, financial institutions, or non-profit organizations (Çera et al., 2021; Shahreza & Lindiawatie, 2021). In addition, financial literacy can also be improved through the use of digital technologies such as easy-to-use financial apps and online learning platforms (Cunningham et al., 2023; Ko et al., 2022).

The digitization of MSMEs, which includes the adoption of digital technology in business operations, has been proven to increase the efficiency, productivity, and competitiveness of MSMEs

(Pangarso et al., 2022; Md Husin & Haron, 2020). In the context of financial reporting, digitalization can be realized through the use of financial applications and other digital platforms (Horvathova & Mokrisova, 2020; Kaur et al., 2023). The use of digital technology can help MSMEs in automating the transaction recording process, generating real-time financial reports, and analyzing financial data more efficiently (Zulfikar et al., 2022). This can reduce operational costs, improve data accuracy, and speed up the decision-making process.

In addition, innovations in financial reporting models such as the “3-in-1” model that integrates balance sheets, income statements, and cash flows in a single worksheet, have proven effective in helping MSMEs prepare more comprehensive and easy-to-understand financial statements (Perdana et al., 2023). This model allows MSME actors to get a more holistic picture of their business’s financial condition, which in turn can support better decision-making and support the sustainability of their business (Makarenko & Plastun, 2017; Sejati et al., 2023).

Overall, research shows that quality financial reports and digital literacy are essential for the sustainability and growth of MSMEs. Innovative financial reporting models such as “3-in-1” can help MSMEs overcome challenges in preparing financial statements and support better business decision-making (Al-Khoury et al., 2023; Swiecka et al., 2020).

This study aims to evaluate the effectiveness of the “3-in-1” financial statement model in supporting the sustainability of MSMEs in Indonesia.

## 2. METHOD

This study is a field research with a qualitative approach that aims to deeply understand how the “3-in-1” financial statement model is used and affects the sustainability of MSMEs (Olmos-Vega et al., 2023). This study uses a multiple case study design. This design was chosen because it allows researchers to analyze in depth several different cases of MSMEs, so that it can provide a more comprehensive understanding of the phenomenon being studied (Anderson et al., 2014).

The research sample consisted of three MSME actors in Central Java Province (Indonesia), who are engaged in the handicraft sector, household accessories retail, and laundry services. Sample selection was carried out using the purposive sampling technique. The criteria for selecting the sample are MSMEs that have used the “3-in-1” financial statement model for at least one year and are willing to be interviewed. The selected sample is MSME actors in the handicraft manufacturing sector, household accessories retail, and laundry services as presented in Table 1.

**Table 1.** Population and study sample

Category	Sub-category	Code
Manufacturing	Handicrafts	A
Retail	Home Accessories	B
Service	Laundry	C

Primary data were collected through semi-structured interviews with MSME owners or managers. Interviews are conducted face-to-face using interview guidelines that have been prepared in advance. The interview guide includes questions related to the use of the “3-in-1” financial statement model, the benefits felt, the challenges faced, and the impact of the model on business decision-making and the financial performance of MSMEs. In addition to interviews, data was also collected through direct observation of the financial statement preparation process using the “3-in-1” model and analysis of MSME financial statement documents.

The collected data were analyzed using content analysis techniques (Bengtsson, 2016; Erlingsson & Brysiewicz, 2017; Ko et al., 2022). Content analysis is carried out by identifying, coding, and categorizing relevant information from interview transcripts, observation records, and financial statement documents. Furthermore, the data that have been analyzed are used to identify patterns, themes, and relationships between the variables studied. The first step in the content analysis process is to identify the unit of analysis, which can be in the form of words, phrases, sentences, or paragraphs that are relevant to the research question. For example, in an interview transcript, the unit of analysis can be a sentence describing the respondent’s experience using the “3-in-1” model. The second step is to establish the code. That

is, each unit of analysis is assigned a specific code that describes the meaning or main topic of the unit. This code can be a short word or phrase that is easy to remember and relevant to the data. The third step is to group the code into broader themes. These themes are then analyzed to identify patterns, relationships, and further interpretations of the data.

To ensure the validity and reliability of the research, several steps have been taken. First, data triangulation was carried out using several different data sources, namely interviews, observations, and documents. Second, member checking is carried out by asking for feedback from research participants regarding the results of data analysis. Third, peer debriefing is carried out by discussing the results of the research with peers to get input and criticism.

This study has been carried out in accordance with the rules of research ethics. Prior to conducting the interviews, the researcher had explained the objectives and procedures of the study to the participants, as well as asked for their consent to participate in the study. The identity of the participants is kept confidential, and the data collected are only used for research purposes.

### 3. RESULTS AND DISCUSSION

Based on a series of interviews related to previous problems, all information can be presented as illustrated in Table 2.

Table 3 shows the results of interviews to all MSME actors who have benefited in the form of business financial statements with the findings of a model called “3-in-1”, which is in accordance with the business transactions of 4 business actors. The results of the questions asked during the interview are as follows:

1. What makes you consistent in making regular business financial statements for at least one previous financial year?
2. Why did you choose a business financial reporting model called “3-in-1” that is currently in use?
3. How long have you been using the “3-in-1” model for your business?
4. How can you find out the company’s business financial performance through the “3-in-1” model financial statements?
5. What benefits do you get after having regular business financial statements with the “3-in-1” model?

Table 3 shows that informants from the craft manufacturing sector reaffirmed the importance of consistency in tracking business financial developments as a foundation for better financial decision-making. Their choice of the 3-in-1 financial reporting model is based on its simplicity, which makes it easy to evaluate business performance quickly and efficiently, while its main advantage is its ability to present comprehensive financial information in a single worksheet, making it easy to quickly and concisely understand the overall financial of the business. With this model, they can assess the overall health of a business’s financial liquidity, such as cash flows consisting of Operating Cash Flow (OCF), Investment Cash Flow (ICF), and Funding Cash Flow (FCF), thus providing deeper insights into important aspects of a business’s financial performance. What is a measure that this “3-in-1” model provides many benefits for A1 informants is the nominal amount of money written in the “3-in-1” report and what is in the bank account is exactly the same.

**Table 2.** Previous problems

Problems	Indicator
All MSME actors in the business sector, both manufacturing, retail, and services, have not been able to compile detailed and detailed financial statements	Participants do not feel the need to prepare detailed financial statements and feel that preparing financial statements is complicated
Information on recorded financial transactions is still very limited	Not understanding the benefits of comprehensive financial reporting and preparing for it
Absence of historical financial data	Recording is not yet fully comprehensive, so there is still a lot of data and information that is not detailed



**Table 3.** “3-in-1” model usage response

MSME Perpetrator Code	Category	Responses
A1	Manufacturing	<p>I can be consistent because I see the importance of tracking the financial progress of my business. It helps me to make better decisions financially.</p> <p>I chose this “3-in-1” model because of its simplicity. With easy-to-understand reports, I can quickly evaluate my business performance.</p> <p>16 months.</p> <p>The main advantage is its ability to present financial information comprehensively in a single worksheet. This makes it easy for me to see the overall picture quickly and concisely.</p> <p>I can find out financial performance, for example cashflow which consists of: OCF, ICF, and FCF, just by looking in the cash menu at the current assets presented in the report. Measurably, the nominal money written in the 3-in-1 statement and the one in the bank account are exactly the same. This helps me to assess the overall financial liquidity health of the business.</p>
B1	Retail	<p>My consistency is driven by the need to understand the cash flow of my business. Because before having business financial statements, there is often a lack of liquidity.</p> <p>I chose this model because of its ease of use. With just one worksheet, I can quickly understand my business finances.</p> <p>18 months.</p> <p>Its main advantage is its ability to combine different aspects of finance in one worksheet. This makes it easier to understand and use.</p> <p>I can see the profit or loss through the income statement presented in one worksheet through the “3-in-1” model report. An example is when getting a report that suffered a loss in the previous month of sixteen million rupiah, then after tracing the source of the problem through the “3-in-1” model, the main problem is the procedure about the price of the product. So that after improving the product pricing procedure, in the following month a net profit of forty-four million rupiah was immediately achieved.</p>
B2	Retail	<p>My consistency is driven by a desire to understand the financial performance of my business. By looking at reports periodically, I can take steps to calculate how much my operational costs are.</p> <p>I chose this model because it is concise and easy to understand.</p> <p>20 months.</p> <p>The main advantage is good integration between balance sheet, profit and loss and cash flow in one worksheet. This really helped me understand the condition of my business.</p> <p>Objectively, my business assets increased to more than 1 billion Rupiah in a span of 14 months since using this 3-in-1 model. Even though before having financial statements, I did not understand how much cash, profit and wealth of my business had as a whole.</p>
C1	Services	<p>I need information about the amount of unpaid receivables.</p> <p>This “3-in-1” model is very helpful, unlike what I found for example when attending training organized by certain institutions.</p> <p>14 months.</p> <p>I can quickly find out how much money is coming in and going out because this model is also made through a simple digital application.</p> <p>After using the “3-in-1” model, my finances are not disturbed because now I can shop for personal needs by receiving a daily salary of fifty thousand rupiah.</p>

The results of interviews with two MSME actors in the household accessories retail sector show awareness of the importance of consistency in understanding business cash flow in response to liquidity shortages that often occur before having business financial statements. Their choice of the “3-in-1” financial reporting model is based on its ease of use that allows for a quick understanding of business finances with just one worksheet. Its main advantage is its ability to combine different aspects of finance in a single worksheet, making it easier to understand and use. With this model, they can see profit or loss through the income statement presented in a single worksheet, as well as evaluate financial performance by looking at

the financial ratios presented in the report, helping them evaluate the overall financial condition of the business. An example of measurable benefit for B1 informant is when getting a report that suffered a loss in the previous month of sixteen million rupiah, then after tracing the source of the problem through the “3-in-1” model, the main problem was found to be about the procedure regarding the price of the product that applies the same price both for large and small sales. So that after improving the product pricing procedure, in the following month an increase in financial performance was immediately achieved with a net profit of forty-four million rupiah. The next interesting finding is the objective use of the “3-in-1” model

by B2 informants, namely in a span of 14 months, the growth of their business assets increased rapidly to more than 1 billion Rupiah. Considering the condition of these retail businesspeople before having a “3-in-1” model financial report, this is a positive and significant phenomenon.

The results of interviews with MSME actors in the laundry service sector (C1) revealed the need for information on the amount of unpaid receivables as part of business financial management. This laundry service businessperson highlighted that the 3-in-1 financial reporting model provides extraordinary assistance, in contrast to their experience when attending training organized by certain institutions. The model's ability to quickly provide information about cash inflows and outflows is helpful, especially since it is presented through a simple digital application. With this model, they can quickly find out information about cash flow, profit growth, and increase in business assets, providing a comprehensive understanding of their business's financial performance. Quantitatively, MSME actors in this laundry service can pay themselves fifty thousand rupiah every day after using the 3-in-1 model.

To add content analysis based on the results of the interview, the techniques described in the methodology are applied. Here are the steps and results of additional analysis based on the interviews in the Results chapter. The unit of analysis was identified from interviews conducted with MSME actors from various sectors (handicraft manufacturing, household accessories retail, and laundry services). This unit of analysis includes specific statements and experiences regarding the use of the “3-in-1” model and the perceived benefits. Each unit of analysis is assigned a code describing the main meaning or related topics, such as Consistency, Ease of Use, Financial Benefits, and Asset Enhancement.

The codes are then grouped into broader themes to identify patterns and relationships between variables. In the analysis presented, the themes identified included Consistency in Financial Reporting, Ease and Simplicity in Use, Significant Financial Benefits, and Enhancement of Assets and Liquidity.

**Consistency in Financial Reporting:** MSME actors show consistency in making financial reports because the “3-in-1” model helps them track the

financial progress of their business regularly. This consistency is important for better decision-making and supporting business sustainability.

**Ease and Simple to Use:** The “3-in-1” model is chosen by many MSME players due to its convenience. This model simplifies financial reporting by integrating balance sheets, income statements, and cash flows in a single worksheet. This makes it easier for MSME actors who do not have an accounting background to understand and use their financial statements.

**Significant Financial Benefits:** The use of the “3-in-1” model brings real financial benefits to MSME actors. For example, some MSME actors reported increased profitability and reduced errors in financial records. One of the MSME actors even managed to turn losses into profits by improving the price procedure based on the “3-in-1” report. For example, a household accessories retailer (B1) suffered a loss of 16 million Rupiah in the previous month. By using the “3-in-1” model, B1 informants were easier to find the root cause and were able to immediately improve the pricing procedure, so that they then managed to achieve a profit of 44 million Rupiah in the following month.

**Increased Assets and Liquidity:** Increased assets and liquidity are a significant result of the use of the “3-in-1” model. MSME players reported a significant increase in assets and the ability to better manage cash flow. A concrete example is the increase in assets of more than 1 billion Rupiah within 14 months after using the “3-in-1” model on B2 informants. In addition, laundry service business actors (C1) can separate their business finances by paying themselves fifty thousand Rupiah per day after using the “3-in-1” model. To validate the interview results, Figure 1 is a form of 3-in-1 business financial statements that have been used by MSME actors who become informants.

According to Perdana et al. (2023) and Sejati et al. (2023), the Financial reporting “3-in-1” model is an innovation that integrates balance sheet, profit and loss, and cash flow statements in one worksheet, including details of cash flow accounts and profit and loss accounts, designed to facilitate financial analysis, better decision making, as well as improving the efficiency and readability of a com-

**STATEMENT OF FINANCIAL POSITION**  
**At 31st DECEMBER**  
**3 IN 1 MODEL**

AKTIVA				PASIVA			
ASSETS	Note	31/12/2022	31/12/2023	LIABILITY AND EQUITY	Note	31/12/2022	31/12/2023
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Cash Sales	3			Accounts Payable	7		
Receipt of Receivables	3			Payroll Debt	7		
Other Income	3			Accrued fees	7		
Payment for Inventory	3			<b>Total Current Liabilities</b>			
Operating Costs	3			<b>NON-CURRENT LIABILITIES</b>			
Salary and Bonus Withdrawals	3			Banking Debt	7		
Other Cost	3			<b>EQUITY</b>			
Paper Asset Sales	3			Own Equity	8		
Sale of Fixed Assets	3			Additional Equity	8		
Purchase of Fixed Assets	3			<b>Total</b>			
Paper Asset Purchase	3			<b>PROFIT (LOSS)</b>			
Share Sale	3			Cash Income	9		
Capital Deposit	3			Non-Cash Income	9		
Non-current Debt Receipt	3			Returns	9		
Non-current Debt Payment	3			Other Income	9		
Dividend Payment	3			Cost of Goods Sold			
Price	3			Operating Expenses	9		
<b>Total Cash</b>				Salary & Bonus Expenses	9		
Materials	4			Other Expenses	9		
Materials Outside	4			Depreciation Expense	9		
Intermediate Goods	4			Amortization Expense	9		
Intermediate Goods Outside	4			Interest Expense	9		
Goods Available for Sale	4			Tax Expenses	9		
Account Receivables	5			<b>Current Profit (loss) balance</b>			
Prepaid Expenses				<b>Previous Retained Earnings</b>			
Supplies				Retained Earnings	10		
<b>FIXED ASSETS</b>				<b>TOTAL LIABILITIES &amp; EQUITY</b>			
Equipment	6						
Building	6						
Vehicle	6						
Depreciation	6						
Amortization	6						
<b>TOTAL ASSETS</b>							

**Figure 1.** 3in1 model financial statement template display

pany’s financial information. The innovation in this model lies in the detailed presentation of the cash flow statement listed in the top table on the current asset menu and details about the income statement listed in the bottom table on the liability and equity menu. If we look at the statement of financial position/balance sheet of the commonly known “Skontro” (horizontal) model, so the presentation of the details of the accounts related to cash flows actually substitutes the cash account. In the “3-in-1” model, the accounts associated with operating cash flow consists of cash sales, receipt of receivables, other income, payment for inventory, operating costs, salary and bonus withdrawals. Then the accounts associated with investing cash flow include paper asset sales, sale of fixed assets, purchase of fixed assets, paper asset purchase, and other cost. Further accounts associated with financing cash flow consists of share sale, capital deposit, non-current debt receipt, non-current debt payment, dividend payment, and price. Next comes the presentation of accounts related to actual profit and loss by breaking down the current profit account, i.e. consists of cash income, non-cash income, returns, other income, cost of goods sold, operating expenses, salary and bonus expenses, other expenses, depreciation expenses, amortization expenses, interest expenses, tax ex-

penses, current profit (loss) balance, previous retained earnings, and retained earnings.

While integration between three financial statements is nothing new, a more detailed and structured presentation in a single worksheet can provide an advantage in a company’s financial analysis, especially for MSMEs that do not have as many accounts as large-scale businesses. This study is in line with the findings of Grefalde (2019) who emphasized the importance of good bookkeeping practices in improving the transparency and accuracy of MSME financial statements. This article examines the bookkeeping practices of MSMEs and the challenges faced by business owners in implementing these practices, which is particularly relevant to research evaluating the “3-in-1” financial reporting model.

Grefalde (2019) found that most MSME owners lack knowledge and lack formal training in bookkeeping, leading to cash flow problems and a lack of adequate bookkeeping practices. This supports the research objective to provide a financial reporting model that is easy to understand and use by MSME owners who may not have a strong accounting background. In addition, Grefalde (2019) shows that many MSMEs use external bookkeeping services due to low costs and lack of expertise



in bookkeeping functions. This supports the argument that the “3-in-1” model can simplify the financial reporting process, thereby reducing reliance on external bookkeeping services.

Grefalde’s (2019) article also recommends bookkeeping training for MSME owners to improve their knowledge and skills in bookkeeping, which is in line with recommendations in the study that emphasize the importance of financial literacy and training to improve financial reporting practices among MSMEs.

However, the study expands on previous findings by showing that the “3-in-1” model not only simplifies understanding but also significantly improves the financial performance of MSMEs, as seen in the increase in assets and the change from loss to profit in a short period of time. The developed “3-in-1” model is designed to be easily accessible and used by MSME owners without the need for costly professional assistance, providing a practical solution that can be easily adopted by many MSMEs. In addition, this study is more specific in measuring the impact of the “3-in-1” model on the financial performance of MSMEs, providing concrete data on asset improvement and changes in profits, thus providing a solid basis for recommendations to adopt this model on a wider scale among MSMEs.

Here, a description is presented for each account listed on the cash flow statement (green shading) and income statement (yellow shading).

Description of green shading:

- Cash Sales is revenue earned from the sale of goods or services paid for in cash by customers.
- Receipt of Receivables is the receipt of money from customers who have previously purchased goods or services on a due date.
- Other Income is income earned by a company from sources other than the primary sale of goods or services, such as bank interest, royalties, or investment profits.
- Payment for Inventory is the expenditure of money to buy raw materials or merchandise to be processed or resold.
- Operating Costs is the expenses incurred by the company in carrying out its operational activities, such as electricity, water, and other costs.
- Salary and Bonus Withdrawals is the expenditure of money to pay salaries and bonuses to employees or shareholders of the company.
- Other Cost are expenses that are not included in the category of operational costs, such as consultant fees, maintenance costs, and other costs.
- Paper Asset Sales is income earned from the sale of investment assets, such as stocks, sukuk or bonds.
- The sale of Fixed Assets is income earned from the sale of a company’s fixed assets, such as land, buildings, machinery, or vehicles.
- Purchase of Fixed Assets is the expenditure of money to buy fixed assets that will be used in the company’s operations.
- Paper Asset Purchase is the expenditure of money to buy investment assets in the form of securities, such as stocks, sukuk or bonds.
- Share Sale is the income earned by the company from the sale of shares to new investors or shareholders.
- Capital Deposit is the entry of new funds into a company as capital from the owner of the company.
- Non-current Debt Receipt is the receipt of money from another party in the form of a long-term loan.
- Non-current Debt Payment is the withdrawal of money to pay a long-term loan to another party.
- Dividend Payment is the expenditure of money to pay dividends to shareholders as part of the profits distributed.
- Prive is the expenditure of money from the company by the owner or shareholder for personal gain.

Description for yellow shading:

- Cash Income is income received directly in the form of cash or cash equivalents.
- Non-Cash Income is income received due to selling goods or services with payment made due.
- Returns are the return of goods by the customer due to defects or non-conformities with the order.
- Other Income is income derived from sources other than the company’s main activities, such as bank interest, royalties, or investment profits.
- Cost of Goods Sold are costs incurred in the process of production or acquisition of goods sold, including the cost of raw materials, direct labor, and overhead.
- Operating Expenses are expenses related to the company’s operations, such as electricity costs, rental costs, and administrative costs.
- Salary & Bonus Expenses are expenses incurred by the company to pay salaries and bonuses to employees.
- Other Expenses are company expenses that are not included in the category of operational costs or salaries, such as reclamation costs, consultant fees, or maintenance costs.
- Depreciation Expenses are expenses recorded to recognize impairment in the value of a fixed asset over its useful life.
- Amortization Expenses are expenses recorded to recognize a reduction in the value of an intangible asset, such as the cost of renewal of a license, patent or goodwill, over a period of time.

- Interest Expenses are expenses incurred from the use of borrowed funds of the company.
- Tax Expense is a fee that a company must pay to the government based on the income earned.
- Current Profit (loss) balance is the difference between current income and expenses after deducting taxes.
- Previous Retained Earnings is the amount of profit or loss that has been withheld from the previous period.
- Retained Earnings is the amount of the company’s net profit that has not been distributed to shareholders after accounting for dividends.

Furthermore, to achieve automated financial reporting in digital platforms, Table 5 can show how the mechanism for inputting journals for each transaction.

Table 4 presents columns containing a description of the transaction date; the transaction description is used to describe any transaction events on that date. Then the nominal column is used to input how much the transaction amount is in units of money; While the Active and Passive columns are used to input the transaction code so that automatically all transaction results will be inputted into “3-in-1” model. In this input, MSME players only need to ensure two main things so that the transactions inputted into the application must be correct and in accordance with their transaction account. First, by ensuring that every transaction related to sales, capital, and debt, the nominal amount entered in the column next to Active column must have the same value as that entered in the column next to the Passive column. However, if it is not related to sales, capital, and debt transactions, then the nominal amount is inputted in the column next to one of the Active columns,

**Table 4.** “3-in-1” business financial transaction journal display

TRANSACTION									
Date	Transaction Description	Nominal	ACTIVE (CODE)	Nominal	ACTIVE (CODE)	Nominal	PASSIVE (CODE)	Nominal	PASSIVE (CODE)
-	-	-	-	-	-	-	-	-	-

**Table 5.** Display of business transaction code description “3-in-1” model

1	Receipt of Sales Money	=	PEN	23	Prepaid expenses	=	BDM
2	Receivables Payment	=	PPIU	24	Supplies	=	PLK
3	Other Income	=	PL	25	Equipment	=	PER
4	Payment for Inventory	=	STK	26	Building	=	BGN
5	Operating Costs	=	OPS	27	Vehicle	=	KEN
6	Salary and Bonus Withdrawal	=	GDB	28	Depreciation	=	DPR
7	Other Expenses	=	LL	29	Amortization	=	AMR
8	Paper Asset Sales	=	PPA	30	Accounts Payable	=	UU
9	Sale of Fixed Assets	=	PAT	31	Payroll Debt	=	UG
10	Paper Asset Purchase	=	PEMA	32	Accrued Fees	=	BBD
11	Share Sale	=	PS	33	Non-Current Debt	=	UTL
12	Capital Deposit	=	SM	34	Own Equity	=	MDL
13	Non-Current Debt Receipt	=	PENUTL	35	Additional Equity	=	MDT
14	Non-Current Debt Payment	=	PEMUTL	36	Cash Income	=	PEN
15	Dividend Payment	=	DIV	37	Non-Cash Income	=	PIU
16	Prive	=	PRV	38	Returns	=	RTR
17	Materials	=	BB	39	Other Income	=	PL
18	Materials Outside	=	BBL	40	Cost of Goods Sold	=	HPP
19	Intermediate Goods	=	BSJ	41	Operating Expenses	=	OPS
20	Intermediate Goods Outside	=	BSJL	42	Salary and Bonus Expenses	=	GDB
21	Goods Available for Sale	=	BJ	43	Other Expenses	=	LL
22	Accounts Receivable	=	PIU	44	Depreciation	=	DPR
Note:				45	Amortization	=	AMR
= Often Used in Transactions				46	Interest Expenses	=	BG
= Several Times Used in Transactions				47	Tax Expenses	=	PIK
= Rarely Used in Transactions						=	-

must be the opposite of the second Active column. The opposite is when the column next to the first Active column is inputted positively, then the column next to the second Active column is inputted with the same nominal but with a minus sign. Meanwhile, to ensure whether the transaction is in accordance with what is entered in the column in the transaction description, then the transaction code is inputted according to the description of each account as mentioned in Table 5.

This study opens up opportunities for further exploration regarding the application of the “3-in-1” model in various other MSME sectors, including more complex sectors such as large manufacturing or information technology. In addition, future research may focus on further

development of the “3-in-1” model with the integration of more advanced digital technologies, such as the use of Artificial Intelligence (AI)-based accounting software for automation and more in-depth analysis. Longitudinal studies are also needed to measure the long-term impact of the use of the “3-in-1” model on the sustainability and growth of MSMEs. In addition, comparative research between MSMEs using the “3-in-1” model and those using traditional reporting methods can provide further insights into the effectiveness of this model. Thus, the “3-in-1” model shows great potential not only in improving financial literacy and financial reporting efficiency of MSMEs, but also in supporting better business decision-making and business sustainability in the long term.

## CONCLUSION

This study aims to evaluate the effectiveness of the “3-in-1” financial reporting model in supporting the sustainability of micro, small, and medium enterprises (MSMEs). The results of the study show that the “3-in-1” model makes it easier for MSME actors to compile and understand financial statements. By integrating balance sheets, income statements, and cash flows in one worksheet, MSME actors who generally do not have an accounting background can easily evaluate the financial condition of their business.

This improves their ability to make more informed and effective financial decisions. The implementation of the “3-in-1” model shows an increase in assets and an improvement in financial performance in MSMEs involved in this study. One MSME in the retail sector reported a change from loss to profit after improving pricing procedures based on the “3-in-1” report. An increase in assets of more than 1 billion Rupiah in 14 months was also reported by other MSMEs after using this model.

The simplicity of the “3-in-1” model makes MSME actors consistent in compiling financial reports on a regular basis. The integration of all three financial statements in a single worksheet makes it easy to evaluate business performance quickly and efficiently, without the need for the help of expensive professional accountants. The “3-in-1” model has proven to be effective in supporting the sustainability of MSME businesses by providing easy-to-understand financial reports, saving time and resources, and encouraging business growth. Increased liquidity and the ability to separate personal and business finances are important indicators of the financial health of businesses achieved with this model. The conclusion of this study is that the “3-in-1” financial reporting model has a significant positive impact on the sustainability and growth of MSMEs. This model not only improves the financial literacy of MSME actors, but also helps them in making better and more efficient business decisions. Therefore, the adoption of the “3-in-1” model is highly recommended for other MSMEs who want to improve their business performance and sustainability.

## AUTHOR CONTRIBUTIONS

Conceptualization: Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Data curation: Baratadewa Sakti Perdana.

Formal analysis: Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Funding acquisition: Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Investigation: Baratadewa Sakti Perdana, Susminingsih Susminingsih.

Methodology: Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Project administration: Baratadewa Sakti Perdana.

Resources: Baratadewa Sakti Perdana.

Supervision: AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Validation: AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Visualization: Baratadewa Sakti Perdana.

Writing – original draft: Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

Writing – review & editing: Baratadewa Sakti Perdana, AM Muh Hafidz Ma’shum, Susminingsih Susminingsih.

## REFERENCES

1. Al-Khoury, A., Al-Shattarat, H., Alghazzawi, R., & Haddad, H. (2023). Creative accounting practices and the credibility of financial reports: An empirical study on the Jordanian commercial banks. *WSEAS Transactions on Computer Research*, 11, 393-407. <https://doi.org/10.37394/232018.2023.11.36>
2. Anderson, C. A., Leahy, M. J., Delvalle, R., Sherman, S., & Tansy, T. N. (2014). Methodological application of multiple case study design using modified consensual qualitative research (CQR) analysis to identify best practices and organizational factors in the public rehabilitation program. *Journal of Vocational Rehabilitation*, 41(2), 87-98. <https://doi.org/10.3233/JVR-140709>
3. Ariani, Y., Widjaja, W., Alfredo, A., & Marcella, V. (2024). Successful Factors in Implementing Financial Accounting Standard (FAS) of MSMEs: A Study in Tangerang, Indonesia. *Quality – Access to Success*, 25(199), 173-182. <https://doi.org/10.47750/QAS/25.199.19>
4. Aryani, Y. A., Jauhari, H., Ismail, R. B., Saleh, N. S. B. M., & Sari, Y. (2023). A Financial Record Practice for Small and Medium Enterprises: A Comparative Study of Malaysia and Indonesia. *Proceedings of 6th FIRST T3 2022 Interna-*

- tional Conference (FIRST-SS 2022). [https://doi.org/10.2991/978-2-38476-026-8\\_18](https://doi.org/10.2991/978-2-38476-026-8_18)
5. Bengtsson, M. (2016). How to plan and perform a qualitative study using content analysis. *NursingPlus Open*, 2, 8-14. <https://doi.org/10.1016/j.npls.2016.01.001>
  6. Çera, G., Khan, K. A., Mlouk, A., & Brabenec, T. (2021). Improving financial capability: the mediating role of financial behaviour. *Economic Research-Ekonomska Istrazivanja*, 34(1), 1265-1282. <https://doi.org/10.1080/1331677X.2020.1820362>
  7. Coordinating Ministry for Economic Affairs of the Republic of Indonesia. (2022). Perkembangan UMKM sebagai Critical Engine Perekonomian Nasional Terus Mendapatkan Dukungan Pemerintah [The Development of MSMEs as a Critical Engine of the National Economy Continues to Get Government Support]. In *Press Release HM.4.6/553/Set. M.Ekon.3/10/2022*. (In Indonesian). Retrieved from <https://www.ekon.go.id/publikasi/detail/4593/perkembangan-umkm-sebagai-critical-engine-perekonomian-nasional-terus-mendapatkan-dukungan-pemerintah>
  8. Cunningham, J. A., Damij, N., Modic, D., & Olan, F. (2023). MSME technology adoption, entrepreneurial mindset and value creation: a configurational approach. *Journal of Technology Transfer*, 48(5), 1574-1598. <https://doi.org/10.1007/s10961-023-10022-0>
  9. Erlingsson, C., & Brysiewicz, P. (2017). A hands-on guide to doing content analysis. *African Journal of Emergency Medicine*, 7(3), 93-99. <https://doi.org/10.1016/j.afjem.2017.08.001>
  10. Gardi, B., Hamza, P. A., Sabir, B. Y., Aziz, H. M., Sorguli, S., Abdullah, N. N., & Al-Kake, F. (2021). Investigating the Effects of Financial Accounting Reports on Managerial Decision Making in Small and Medium-sized Enterprises. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(10), 2134-2142. Retrieved from <https://turcomat.org/index.php/turkbilmat/article/view/4733>
  11. Grefalde, J. Q. (2019). Book-keeping Practices of Small and Medium Enterprises (SMEs). *The International Journal of Business & Management*, 7(5), 189-198. <https://doi.org/10.24940/theijbm/2019/v7/i5/bm1905-040>
  12. Gunawan, A. (2023). Sharia Financial Knowledge and Financial Behavior as A Basis for Measuring Financial Literacy. *Quality – Access to Success*, 24(193), 92-99. <https://doi.org/10.47750/QAS/24.193.11>
  13. Horvathova, J., & Mokrisova, M. (2020). Business competitiveness, its financial and economic parameters. *Montenegrin Journal of Economics*, 16(1), 139-153. <https://doi.org/10.14254/1800-5845/2020.16-1.9>
  14. Jin, J., Kanagaretnam, K., Liu, Y. I., & Cheng, M. (2021). Does Citizens' Financial Literacy Relate to Bank Financial Reporting Transparency? *European Accounting Review*, 30(5), 887-912. <https://doi.org/10.1080/09638180.2021.1965897>
  15. Kaur, G., Singh, M., & Gupta, S. (2023). Analysis of key factors influencing individual financial well-being using ISM and MICMAC approach. *Quality and Quantity*, 57(2), 1533-1559. <https://doi.org/10.1007/s11135-022-01422-9>
  16. Ko, A., Mitev, A., Kovács, T., Fehér, P., & Szabó, Z. (2022). Digital Agility, Digital Competitiveness, and Innovative Performance of SMEs. *Journal of Competitiveness*, 14(4), 78-96. <https://doi.org/10.7441/joc.2022.04.05>
  17. Ko, H., Lee, S., Park, Y., & Choi, A. (2022). A Survey of Recommendation Systems: Recommendation Models, Techniques, and Application Fields. *Electronics*, 11(1), 141. <https://doi.org/10.3390/electronics11010141>
  18. Lishmah Dominic, M., Sowiya, S., & Venkateswaran, P. S. (2023). A Study on Importance of Entrepreneurship Skill Development Programme (ESDP) for Sustainable Growth of MSMEs in India. *Proceedings on Engineering Sciences*, 5(3), 553-564. <https://doi.org/10.24874/PES05.03.018>
  19. Makarenko, I., & Plastun, A. (2017). The role of accounting in sustainable development. *Accounting and Financial Control*, 1(2), 4-12. [https://doi.org/10.21511/afc.01\(2\).2017.01](https://doi.org/10.21511/afc.01(2).2017.01)
  20. Md Husin, M., & Haron, R. (2020). Micro, small and medium enterprises' competitiveness and micro-takāful adoption. *ISRA International Journal of Islamic Finance*, 12(3), 367-380. <https://doi.org/10.1108/IJIF-03-2019-0038>
  21. Mynhardt, H., Makarenko, I., & Plastun, A. (2017). Standardization of sustainability reporting: rationale for better investment decision-making. *Public and Municipal Finance*, 6(2), 7-15. [https://doi.org/10.21511/pmf.06\(2\).2017.01](https://doi.org/10.21511/pmf.06(2).2017.01)
  22. Nurcaya, I. N., Rahyuda, I. K., Giantari, G. A. K., & Ekawati, N. W. (2024). Business performance concept development apparel industry MSMEs in Bali. *Uncertain Supply Chain Management*, 12(1), 315-322. <https://doi.org/10.5267/j.uscm.2023.9.019>
  23. Nurhayati, B. D., Kusmantini, T., & Wahyuningsih, T. (2021). Antecedents and Implications of Innovation Capability: Empirical Study of Bakpia Msmes in Yogyakarta. *Journal of Indonesian Economy and Business*, 36(2), 179-203. <https://doi.org/10.22146/jieb.v36i2.1399>
  24. Olmos-Vega, F. M., Stalmeijer, R. E., Varpio, L., & Kahlke, R. (2023). A practical guide to reflexivity in qualitative research: AMEE Guide No. 149. *Medical Teacher*, 45(3), 241-251. <https://doi.org/10.1080/142159X.2022.2057287>
  25. Pangarso, A., Kristina, S., Retno, S., Yahya, P., & Agni Alam, A. (2022). The long path to achieving green economy performance for micro small medium enterprise. *Journal of Innovation and Entrepreneurship*, 11(1), 1-19. <https://doi.org/10.1186/s13731-022-00209-4>
  26. Perdana, B. S., Hermawan, H., & Ilham, D. (2023). The Role of



- Information Technology-Based MSME Financial Reports on the Ability to Identify Financing Risks at KSPPS BMT Istiqlal. *Jurnal Pengabdian Dan Pemberdayaan Masyarakat Indonesia*, 3(9), 425-435. Retrieved from <https://jppmi.ptti.web.id/index.php/jppmi/article/view/203>
27. Pusung, C. S., Narsa, N. P. D. R. H., & Wardhaningrum, O. A. (2023). Innovation, Competitive Strategy and Msme Performance: a Survey Study on Culinary Smes in Indonesia During the Covid-19 Pandemic. *Business: Theory and Practice*, 24(1), 160-172. <https://doi.org/10.3846/btp.2023.16676>
  28. Rodríguez-Ortiz, M., Jasso-Velazquez, D., Villagrán-Rueda, S., & Fuentes Favila, L. M. (2022). Financial education in SMEs versus business failure. *Journal Schools of Economic Thought and Methology*, 6(11), 12-18. <https://doi.org/10.35429/jsetm.2022.11.6.12.18>
  29. Saraa, I. M., Adi, K., Saputra, K., Kartika, I. W., & Utama, J. (2020). Financial Statements of Micro, Small and Medium Enterprises Based on the Concept of an Economic Entity Literature Review. *Journal of Hunan University Natural Sciences*, 47(12), 125-132. Retrieved from <http://jonuns.com/index.php/journal/article/view/490/487>
  30. Sejati, D. I., Wahidah, N., Mucharif, T., Daniarso, P., Hantari, I. A., Kurniawan, M., Perdana, B. S., Wildan, M., & Ifa, K. R. (2023). Literacy and Assistance in Preparing Financial Reports for Batik Manufacturing MSMEs in Pekalongan [Literacy and Mentoring in the Preparation of Financial Reports for Batik Manufacturing MSMEs in Pekalongan]. *Jurnal Inovasi Pengabdian Dan Pemberdayaan Masyarakat*, 3(2), 581-590. (In Indonesian). <https://doi.org/10.54082/jppm.204>
  31. Shahreza, D., & Lindiatwatie, L. (2021). Pendampingan Penyusunan Laporan Keuangan Usaha Rintisan Keuangan Digital Teknologi Syariah Yuktakaful (Insurtech) [Assistance in Preparation of Financial Reports for Digital Financial Technology Start-Up Business Syariah Insurance Yuktakaful (Insurtech)]. *SELAPARANG Jurnal Pengabdian Masyarakat Berkemajuan*, 5(1), 315. (In Indonesian). <https://doi.org/10.31764/jpmb.v5i1.6438>
  32. Srisusilawati, P., Malik, Z. A., Silvian, I. Y., & Eprianti, N. (2022). The roles of self efficacy and sharia financial literacy to SMES performance: Business model as intermediate variable. *F1000Research*, 10, 1-14. <https://doi.org/10.12688/f1000research.76001.2>
  33. Susanti, E., Mulyanti, R. Y., & Wati, L. N. (2023). MSMEs performance and competitive advantage: Evidence from women's MSMEs in Indonesia. *Cogent Business and Management*, 10(2). <https://doi.org/10.1080/23311975.2023.2239423>
  34. Swiecka, B., Yeşildağ, E., Özen, E., & Grima, S. (2020). Financial literacy: The case of Poland. *Sustainability (Switzerland)*, 12(2), 1-17. <https://doi.org/10.3390/su12020700>
  35. Wei, C. C., Oluwaseyi, O. A., & Chew, G. G. (2023). Exploring environmental sustainability practices in MSMEs: Insights from Malaysia. *International Journal of Management and Sustainability*, 13(1), 76-90. <https://doi.org/10.18488/11.v13i1.3600>
  36. Yacob, S., Sulistiyono, U., Erida, E., & Siregar, A. P. (2021). The importance of E-commerce adoption and entrepreneurship orientation for sustainable micro, small, and medium enterprises in Indonesia. *Development Studies Research*, 8(1), 244-252. <https://doi.org/10.1080/21665095.2021.1976657>
  37. Yanto, H., Kiswanto, Baroroh, N., Hajawiyah, A., & Rahim, N. M. (2022). The Roles of Entrepreneurial Skills, Financial Literacy, and Digital Literacy in Maintaining MSMEs During the Covid-19 Pandemic. *Asian Economic and Financial Review*, 12(7), 504-517. <https://doi.org/10.55493/5002.v12i7.4535>
  38. Zulfikar, R., Astuti, K. D., & Ismail, T. (2022). Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in Indonesia: Factors, and Implication. *Quality – Access to Success*, 23(189), 128-143. <https://doi.org/10.47750/QAS/23.189.15>