Wednesday, 18 October 2023

Agenda item 4. Accounting and reporting needs of microenterprises and small and medium-sized enterprises and the role of accounting and reporting in facilitating the formalization of businesses in the informal sector

Presented by

Elizabeth Ooi
Senior Lecturer of Finance
University of Western Australia
Accounting and reporting needs of microenterprises and small and medium-sized enterprises and the role of accounting and reporting in facilitating the formalization of businesses in the informal economy

40th session of the intergovernmental working group of experts on ISAR
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18 October 2023

Dr. Elizabeth Ooi
Senior Lecturer of Finance
University of Western Australia
The accounting skills gap in financial education for MSMEs

Soft skills
- Communication
- Leadership

Hard skills
- Accounting skills
- Business planning
- Risk management
- Financial concepts
Other ways to improve financial education/financial literacy for MSMEs

Consider optimal delivery methods by testing “just-in-time” and the use of technology.

Widen school curriculum to incorporate more entrepreneurial studies and opportunities.

Increase financial behaviour coverage in addition to financial knowledge.

Improve FL test validity by examining participant’s test behaviours and how best to interpret FL scores.
The formalization of MSMEs can bring significant benefits to individuals and economies.

The role of accounting and reporting in supporting formalisation should not be underestimated.

The keystone to ensuring that MSMEs maintain proper accounting records and useful financial statements is financial literacy.

Researchers, policymakers & regulators can work together to improve financial education and literacy for MSMEs.