

EXPLORING THE CAUSES OF ACCOUNTING RESISTANCE IN MSME'S THROUGH MULTI STAKEHOLDER PERSPECTIVE

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ABSTRACT

Micro, small, and medium enterprises (MSMEs) play a pivotal role in Indonesia's economy, contributing to economic growth and job creation. However, these businesses often face challenges related to financial reporting. Without proper accounting practices, MSMEs lack clarity regarding their profitability and overall business development. Previous research highlights the unpreparedness of MSME actors as a significant barrier to implementing accounting standards (SAK EMKM). This study investigates the relevance of SAK EMKM for MSMEs by exploring stakeholder perspectives. Data were collected through Focus Group Discussions (FGDs) involving participants from various sectors, including PLUT, DJP Nusa Tenggara, conventional and sharia banking institutions, MSME representatives, and educational accountants. The research reveals that the bargaining value between MSMEs and stakeholders is crucial for accounting adoption. When stakeholders exert stronger influence, coercive isomorphism encourages MSMEs to adopt accounting systems. Conversely, if MSMEs perceive their bargaining power as higher, coercive approaches are less effective. Policy makers and decision makers must actively support an enabling environment for MSMEs, emphasizing the importance of accounting information. By doing so, Indonesia can enhance financial transparency, promote sustainable growth, and empower its vital MSME sector.

Keywords : MSME's; Resistention; Financial Report; Accounting Information; Coerchive Isomorphism

ABSTRAK

Usaha mikro, kecil, menengah (UMKM) selalu menghadapi kendala yang umumnya terjadi dalam pengelolaan usaha, yakni keterbatasan dalam penyusunan laporan keuangan. Tanpa adanya akuntansi, suatu usaha tidak memiliki haluan apakah usaha itu bisa dikatakan laba atau malah justru sebaliknya mengalami kerugian, atau bahkan tidak mengalami perkembangan yang signifikan. Mayoritas hasil penelitian terdahulu mengungkapkan penyebab rendahnya pengimplementasian akuntansi adalah karena ketidaksiapan pelaku UMKM. Seiring berjalannya waktu fakta lain yang terungkap sebagai penyebab rendahnya pengimplementasian akuntansi adalah terjadinya resistensi UMKM atas penyusunan laporan keuangan. Penelitian ini sendiri bertujuan untuk menggali pemaknaan dan penjelasan logis stakeholders terhadap relevansi SAK EMKM bagi UMKM. Data penelitian diperoleh melalui proses Focus Group Discussion (FGD). Alasan penelitian ini menggali melalui perspektif stakeholders adalah berangkat dari logika pemikiran bahwa suatu standar akan dapat diimplementasikan dengan maksimal jika lingkungan pendukungnya mampu mendorong objek untuk melakukannya. Sehingga penentuan partisipan dalam penelitian ini benar-benar melihat seberapa besar keterkaitan dan peran stakeholders tersebut bagi UMKM. Hasil penelitian ini menunjukkan bahwa bahwa nilai tawar yang terjadi antara UMKM

dan stakeholders menjadi kunci dari diimplementasikannya akuntansi pada UMKM atau sebaliknya. Pada kondisi dimana nilai tawar stakeholders lebih kuat, posisi ini dapat dimanfaatkan untuk mendorong UMKM dalam menerapkan sistem yang diharapkan dapat membawa dampak positif (coercive isomorphism). Sementara jika UMKM menganggap nilai tawar mereka lebih tinggi, maka dorongan pengimplementasian akuntansi melalui pendekatan coercive isomorphism menjadi kurang efektif. Implikasi penelitian ini menuntut perlunya keterlibatan dari pembuat kebijakan maupun pengambil keputusan untuk menggunakan posisinya dalam mendukung iklim yang efektif bagi UMKM dalam menyusun dan memanfaatkan informasi akuntansi.

Kata kunci : UMKM; Resistensi; Laporan Keuangan; Informasi Akuntansi; Coercive Isomorphism

INTRODUCTION

Micro, small, and medium enterprises, usually abbreviated as MSMEs, are crucial milestones in the Indonesian economy. These businesses play a role in increasing the economic growth of society by creating new jobs, which can reduce unemployment and poverty in the country today (Lestari et al., 2022), by the Republic of Indonesia's Coordinating Ministry for Economic Affairs, according to data published in 2023 there will be around 66 million MSME entrepreneurs. The contribution of MSMEs reaches 61% of Indonesia's Gross Domestic Product (GDP), or the equivalent of IDR 9,580 trillion. In addition, MSMEs contribute to absorbing around 117 million workers (97%) of the total national workforce. Therefore, it is necessary to implement sustainable development and empowerment in order for MSMEs to not only increase in number but also improve in quality and product competitiveness, and business management so that their business continuity in the future runs well (Suryantara & Ridhawati, 2023).

However, one of the challenges that MSMEs typically encounter in the business world is: restrictions on financial report preparation (Dewi et al., 2024). Due to limited information and knowledge about accounting, MSME players still need to be made aware of the importance of financial reports in a company (Wulandari et al., 2020). Accounting knowledge plays a crucial role in the progress of the business. As is known, accounting is a business instrument that inevitably must be understood and implemented by business actors, especially MSMEs (Lubis & Lufriansyah, 2024); (Susiani et al., 2021). Without accounting, a business does not seem to have a clear direction, whether the business can be said to be making a profit or experiencing a profit or, on the

contrary, experiencing a loss or even no significant development in the business (Perera et al., 2019). A business's bankruptcy is not only caused by low buying and selling power but can also be caused by poor financial management of the business (Anggraini et al., 2021).

In connection with the above conditions, to make it easier for MSMEs to prepare financial reports, the Indonesian Accounting Association (IAI) has formalized unique accounting standards for MSMEs, namely SAK EMKM (Financial Accounting Standards for Micro, Small and Medium Entities), which are effective January 1, 2018. The issuance of SAK EMKM is expected to make it easier for MSMEs to prepare financial reports that can be used to develop their business. However, after five years, hope seems still far from burning. Even though this standard provides facilities in the form of methods and reports that are much easier, the implementation of SAK EMKM in MSMEs is still deficient (Suryantara & Ridhawati, 2023); (Lestari et al., 2022); (Anggraini et al., 2021).

The unpreparedness of MSMEs in implementing accounting standards is suspected to be an obstacle to implementing these standards. Unpreparedness can be caused by a lack of knowledge of the benefits of accounting, an educational background that is not from the accounting field, or inadequate socialization (Susiani et al., 2021); (Wulandari et al., 2020); and (Hudha, 2017). However, the exploration that the author carried out on the results of previous research shows something different, where the cause of the low implementation of SAK EMKM among MSME actors is precisely because of the resistance or neglect made by MSME actors in making accounting reports. This means that MSME actors do not try to cover up the causes of this unpreparedness. As stated, research (Biduri et al., 2021); (Achadiyah, 2019); and (Albu et al., 2010) revealed that MSMEs agreed to recognize that accounting is needed by business actors, in this case as a connecting bridge when business actors need additional capital funds to expand and develop their business.

However, the perception of MSME players not preparing financial reports is more substantial than the encouragement of the benefits that will be obtained. If related to research results (Suryantara & Ridhawati, 2023) and (Damak-Ayadi et al., 2020), most MSMEs do not have an interest in presenting financial reports because they do not have many relationships with people or organizations related to them—business. The

majority of MSME players do not have an obligation to the public to report financial reports. The use and preparation of accounting information is purely carried out to provide information for internal company parties or even the MSME actors themselves. So, the use and preparation of accounting information is an awareness of MSME actors to obtain the usefulness of this information. So, cognitive factors play an essential role in this matter.

Resistance to accounting carried out by MSME actors certainly does not appear out of thin air. According to (Ramli & Iskandar, 2014), their research revealed that the application of accounting in large companies in Indonesia could be described as an official concern caused by coercive isomorphism, where the application of accounting is based on coercion/coercion issued by regulators or power owners. So that a standard such as accounting can be implemented effectively if there is encouragement from interested parties (stakeholders) (Damak-Ayadi et al., 2020). The author believes that SAK EMKM will be implemented effectively if the environment of SAK EMKM users (in this case, MSMEs) supports and encourages using these standards. This point is the focus of the author's research, namely to explore the views and meaning of the implementation of SAK EMKM and its relevance and usefulness for MSMEs from the stakeholders' perspective.

This focus also differentiates this research from previous research, where previous research studied more deeply the implementation of SAK EMKM only from the perspective of MSME actors. Meanwhile, this research expands the search to explore the causes of accounting resistance in MSMEs by involving stakeholders directly related to MSME activities, such as the Integrated MSME Service Center (PLUT), tax authorities, banking and accountant associations, and teaching accountants. Based on the background that has been explained, the formulation of this research problem is as follows: What is the form of knowledge, understanding, and logical flow of thinking of stakeholders regarding the usefulness and relevance of SAK EMKM for MSMEs? This research aims to explore stakeholders' meanings and provide a logical explanation of the relevance of SAK EMKM for MSMEs. So, from this exploration, we can more broadly discover the facts that cause the low implementation of SAK EMKM in MSMEs.

LITERATURE REVIEW

Cognitive Ease

The fundamental idea behind cognitive ease is that when people hear and perform an action frequently, their brains start to build associations around it, which makes it simpler to comprehend the information the following time. Humans use their general understanding of the world to understand it and prevent stress. People who have cognitive ease feel more at ease doing the things they usually do and unconsciously disregard the fact that there are other things that they don't comprehend (Suryantara et al., 2017). In general, cognitive ease provides an understanding of the origins of forming a habit. Kahneman (2011) explains that humans can think in various ways, such as concise and straightforward thinking or analytical thinking, all related to solving a problem. System 1 and System 2 are the specific names for these two ways of thinking. The basic mind, or System 1, works swiftly and effortlessly with little to no effort. System 2, on the other hand, is a thinking system that functions best in complex circumstances that call for greater effort and focus. System 2 requires a more complex and drawn-out mental process. The person will need to mobilize System 2 if they experience any difficulties, which indicates that they are in cognitive strain mode.

Three basic principles describe how people assimilate information with cognitive ease. The first is that the human brain is already used to the information. Information that is familiar is easier to believe than information that is unfamiliar. Second, the knowledge is quicker to assimilate and easier to comprehend. Third, individuals tend to accept information without question right away since it gives them more confidence and validates their preconceived notions. However, people have a tendency to disregard information that contradicts what they already know (Armenia & Morey, 2013)

Likewise, the use and preparation of accounting information are very dependent on the experience of MSME players. The increasing frequency with which MSMEs use and compile accounting information implies that these two activities have become familiar to them. At this point, MSMEs believe that the use and compilation of accounting information is a profitable activity for them. This is consistent with the theory of planned behavior (TPB), which holds that thoughts about the outcomes of an activity—also known as behavioral beliefs—determine attitudes toward that behavior. Belief is associated with an individual's subjective evaluations of the universe, as well

as his comprehension of himself and his surroundings. Based on the analysis of the facts, which indicates that the conduct can benefit the offender, this notion can reinforce attitudes toward the behavior.

On the other hand, like a double-edged sword, cognitive ease believes that humans tend to avoid stress and choose to understand their world with what they can generally understand. Cognitive ease makes people feel more comfortable with things they generally do and subconsciously ignore that there are other things beyond that understanding. If the individual's thought process has succeeded in utilizing System 1, no additional effort is needed in this position, which means the individual is in cognitive ease mode. Meanwhile, on the other hand, if the individual feels something problematic or faces something new, it will require mobilization from System 2, which means the individual is in cognitive strain mode. System 2 is a thinking system that operates in complex situations that require more effort. System 2 demands a longer and more complex thinking process (Armenia & Morey, 2013).

Utilizing and compiling accounting information is often considered something foreign and difficult for most MSMEs (Mulyani, 2018) (Anggraini et al., 2021) (Hendiarto et al., 2021). This is also described in the theory of planned behavior (TPB), which states that Perceived Behavior Control, also known as behavioral control, is a person's feelings about how easy or difficult it is to carry out a specific behavior. This makes the encouragement for MSME players not to prepare financial reports (avoid strain conditions) more vital than the encouragement for the benefits that will be obtained.

Cognitive ease makes people feel comfortable with their understanding, but this can also lead to false situations because it can make people feel like they understand more than they do. It must be emphasized that cognitive ease is not a negative thing in everyday life. However, in more complex conditions, its existence is often the beginning of a problem (Suryantara et al., 2017).

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB) or the theory of planned behavior was put forward by Isac Ajzen in 1991. TPB is based on the assumption that humans will generally behave appropriately (behave sensibly) because humans are rational creatures who can use information appropriately. Systematic thinking about an action's

implications if one behaves in a certain way. TPB formulates a conceptual framework that helps deal with the complexity of social behavior (Ajzen & Kruglanski, 2019).

The Theory of Planned Behavior (TPB) combines several central concepts in the social and behavioral sciences and defines the concept of behavior in a specific context. Attitudes toward the behavior, subjective norms toward the behavior, and perceptions of control over the behavior generally predict the intensity of the behavior. Ajzen divides this theory into three determinant functions (Ajzen & Kruglanski, 2019):

Attitude Toward the Behavior

This theory suggests that attitudes towards behavior are determined by beliefs acquired regarding the consequences of behavior, also called behavioral beliefs. Belief relates to a person's subjective assessments of the world around him understanding of himself and his environment. This belief can strengthen attitudes towards the behavior based on the evaluation of the data obtained, which shows that the behavior can provide benefits for the perpetrator.

Subjective Norm

Subjective norms are a person's feelings or assumptions regarding the expectations of the people in his life regarding whether or not specific behavior is carried out. The relationship between attitudes and behavior is very determined, so subjective norms are also influenced by beliefs. The difference is that if the relationship between attitudes and behavior is a function of beliefs about the behavior that will be carried out (behavioral beliefs), then subjective norms are a function of a person's beliefs obtained from other people's views. Others related to it (normative belief).

Perceived Behavior Control

Perceived behavioral control, or behavioral control, is a person's feeling about how easy or difficult it is to carry out a specific behavior. Perceptions of behavioral control can change depending on the situation and the type of behavior to be performed. The control center is related to an individual's belief that his success in doing anything depends on his efforts related to specific achievements. For example, the belief that he can master the skills of using a computer well is called behavioral control (perceived behavioral control).

Many MSME entrepreneurs think that accounting is not that important for their business. Most MSME owners focus more on developing their business through

marketing, looking for suitable suppliers, and providing good service. However, they never know in detail the flow of outgoing and incoming costs (Savitri & Saifudin, 2018). Implementing accounting by MSMEs helps evaluate their business performance. It can guide MSME owners to determine the path they should take so that their businesses can progress and develop (Chrisna et al., 2022).

The motivational influence explained by the Theory of Planned Behavior is influenced by control beliefs and perceived power factors to display a specific behavior and identify strategic directions for changing individual behavior. Financial reports prepared by MSMEs based on SAK EMKM will increase the credibility of the MSME itself towards related parties related to the development and continuity of the business. Then, the most essential thing that cannot be ignored is that there must be moral encouragement and trust in business actors so that they are willing to learn and be able to implement SAK EMKM (Anggraini et al., 2021).

Several previous studies have analyzed the implementation of SAK EMKM among MSME actors. Research (Savitri & Saifudin, 2018) on MSMEs, for example, concluded that these MSMEs did not implement accounting records in their business. This is expressed by the perception of MSME entrepreneurs that accounting records are complicated and will only add to work. MSME players think that an expert in their field must carry out accounting records because entrepreneurs and MSME owners do not have basic accounting knowledge.

The same results were stated by Hetika (2018) in his research, who concluded that, generally, MSMEs only use bookkeeping or simple notes to record business finances because they do not understand accounting. Therefore, researchers apply a more straightforward method to prepare financial reports, namely through preparing basic accounting equations for MSMEs. The basic accounting equation can be adjusted to the needs of MSMEs, and the research results show that MSMEs feel helped by the existence of the basic accounting equation. Likewise, research results from Sularsih & Sobir (2019) concluded that MSMEs only use simple bookkeeping or notes to record business finances. MSMEs do not prepare financial reports because accounting is complicated to apply, and there is limited understanding and skills in preparing financial reports.

Then, research by Fitriyyah et al (2020) concluded that MSME owners preparing bookkeeping reports had not prepared financial position reports. This was because the owners still needed to understand how to prepare bookkeeping reports following standards. The owner makes bookkeeping reports only that the owner can understand and comprehend. Meanwhile, , Risal & Wulandary (2021) concluded that MSMEs do not fully understand the accounting process. Every transaction activity that occurs has not been recorded consistently. There are still MSME players who only record it if the transaction value is relatively large. MSME actors are motivated to prepare financial reports due to the need for business capital, which can be obtained from third parties on the condition that MSME actors must include business financial reports—research by Biduri et al. (2021) revealed that most MSMEs feel reluctant to prepare financial reports for their businesses. So far, they have only carried out simple recordings, which are also done under certain conditions and without applying applicable accounting standards (especially SAK ETAP). The records they make only follow what is known without classifying them into the proper form of financial report, such as one containing a balance sheet, profit/loss, cash flow, financial position, and notes to financial reports.

In line with previous research, the results of Hikmahwati & Irwansyah (2022) show that 80% of MSMEs do not understand correct accounting and the importance of accounting in managing a business. As many as 51% of MSME players have not recorded sales, purchases, inventory, cash in, cash out, salary payments, or other transactions. Most MSMEs (80%) who keep records do not keep records permanently, use a single-entry recording system, and have not yet implemented double-entry bookkeeping. The recording system is 100% done manually. As many as 30% of MSME actors prepare financial reports but do not present them entirely, and 70% of MSME actors do not prepare financial reports. The reason for not recording and making financial reports is because of various obstacles.

Finally, research from (Suryantara & Ridhawati, 2023) states that MSME actors see that preparing accounting reports according to standards has not provided benefits for their businesses. So, the preparation of reports according to standards will only be carried out if there is a demand for them, especially if they are related to capital assistance. However, if there is no benefit to their hard work in preparing financial reports, they will not do it. However, another aspect that needs to be understood is that

MSME players agree that recording is essential. They make records based on various formats according to the information they need. One appropriate word to describe the reality happening to MSME owners is that helpful information that MSME owners understand is more important than information that must be adjusted to standards.

The difference between this research and previous research is that this research was designed to explore the causes of SAK EMKM resistance among MSME players by expanding the search to explore the causes of accounting resistance in MSMEs by involving stakeholders who are generally directly related to MSME activities such as the Integrated MSME Service Center (PLUT), tax authorities, banking, as well as associations of accountants and teaching accountants.

RESEARCH METHOD

This research is exploratory research with a qualitative approach that aims to dig deeper into a phenomenon that occurs in society. The location of this research was in Mataram City, West Nusa Tenggara. The informants in this research (starting now referred to as participants) were determined based on their roles, namely parties closely related to the activities of MSME actors. The first participant was a Department of Cooperatives and MSMEs representative, which, in this case, was represented by the Integrated MSME Service Center (PLUT). The second participant is a financial institution, which in this case is represented by one representative each from a commercial bank and a Rural Bank (BPR). The following participants are MSME players represented by 6 MSME participants from various types of industries who have been operating for at least three years and have a stable market. Finally, the fourth participant is an academic who represents an educational accountant.

The type of data in this research is qualitative because it is transcriptions of participants' statements. Qualitative data comes from the results of the Focus Group Discussion (FGD) carried out. Data collection techniques in this research were carried out using the Focus Group Discussion (FGD) technique. Data analysis in this research follows the flow of qualitative research analysis. The first process after the FGD is carried out is transcribing. The results of participants' statements will be converted into detailed and structured writing. In this process, no reduction is carried out to obtain maximum expression so that expressions outside of the participant's answers can still be recorded in the transcript. The second process, after the transcription, is the filing

process. This process takes the form of entering the FGD transcript results into an information database. This process results in a collection of information, which is then ready to be processed at the next stage.

The third process is the coding process. In this process, coding will be carried out, categorizing the participants' statements into significant themes. After the prominent theme is formed, the next step is to make nodes or take essential statements from the participants, and then labels (nodes) are created from these statements. Each node identified is then entered into the appropriate/relevant code. This third process results in a coding collection consisting of nodes. The fourth and final process is the analysis of results and conclusion. In the analysis of the results, team members will carry out discussions and exchange of ideas to capture the existing reality based on the data processing results that appear in the visualization of the research results.

RESULT AND DISCUSSION

Stakeholders' Perceptual Analysis of the Relevance of Implementing Accounting in MSMEs

MSMEs are one of the business activities that can expand employment opportunities, encourage people's economic growth, and play a role in equalizing the increase in community income at large and in realizing national economic stability. MSMEs' great potential in driving the people's economy gives them a strategic position. Micro, small, and medium enterprises need a financial management strategy created to ensure that the MSMEs can run well and increase their business productivity. One of the financial management efforts is to prepare financial reports for each period to find out information about business developments from time to time. Information that is not only useful for MSME players but also for stakeholders related to MSME business development.

For example, in banking, one of the Branch Managers of Rural Credit Bank (BPR), often the spearhead in distributing micro-credit, revealed in an interview that he needs financial reports, especially cash flow analysis, to determine the amount of credit for MSMEs. However, most MSMEs in the field do not have adequate financial reports at all, instead of complying with SAK EMKM standards. If we insist that MSMEs include financial reports when applying for credit, many MSME credit applications will be rejected. Meanwhile, banks, especially BPRs, which are Regionally Owned

Enterprises (BUMD), certainly have a target that is not only to pursue profits but also to fulfill their obligations as companies that provide public services (Public Service Obligation/PSO) in supporting regional economic growth through the distribution of Working Capital Credit. (KMK) especially for MSMEs. As stated by HM as head of the BPR branch:

"... in the application requirements, we ask for bookkeeping for MSMEs, but how can ordinary people understand things like that? Never mind micro MSMEs. Yesterday, there were owners of large MSMEs whose businesses asked for hundreds of millions, but they did not even have financial records (reports). "In the end, we use analysts to assess the estimated turnover of the business. What we look at is the number of goods and the size of the shop; from there, it can be our measure to estimate the turnover..."

According to the informant's statement above, in the end, the vital reasons why banks do not demand that MSMEs must have cash flow following applicable accounting standards are known. The absence and incompleteness of information could provide inaccurate information, putting MSMEs at considerable risk. Banking parties prefer to obtain accounting information from their accountants' analysis based on field review results, such as cash flow. The phenomenon described by the BPR Branch Manager was also validated by the owner of UDR (MSMEs engaged in buying and selling gold crafts), who stated that there was no connection between applying for credit and the obligation to have financial reports according to standards.

"... we're the only ones who read it, there's no term for what it is, eee audits like that. Because selling gold is not like selling ordinary goods, we record all the grams and carats. Those of us who understand it, we use the recording format. In the past, we also raised debts at the bank, but were not asked where the financial statements were. Seeing that there is a lot that can be used as collateral, the loan has been completed. Many banks even offer microcredit to market traders. Where do market traders have financial reports?"

A statement from AD, a relationship manager at a state-owned bank, further strengthened this condition. When facing potential debtors from MSMEs, the apparent problem is that no financial reports or bookkeeping can be used as a requirement to fulfill credit applications. To cover this shortfall, the bank sent its accountants to prepare financial reports for the MSMEs so that the credit application requirements could be completed.

"... yes, accountants are still widely used in our banks, especially to help MSMEs prepare financial reports. Yesterday the toy shop (named one of the biggest toy shops in the city) applied for a credit of 600 million, when asked if

there was a report, they only showed the sales record book. Like it or not, our accountants will make their financial reports, especially since this is a big loan.”

Increasingly interested in exploring this phenomenon, researchers dug deeper from the side of the Department of Cooperatives and Small and Medium Enterprises, which is represented by the Integrated MSME Service Center (PLUT). PLUT is a technical implementation unit formed to improve production performance and economic competitiveness through cooperatives and MSMEs. Some of the main functions of PLUT include providing information about various aspects of business, licensing, taxation, business opportunities, the latest regulations, and training to business actors. It includes training in business management, marketing, finance, and other relevant aspects. MSMEs can receive information about financing options through PLUT, including loans, grants, or government incentive programs. PLUT also assists business actors in applying for financing, facilitating meetings between business actors and financial institutions such as banks or cooperatives to discuss financing solutions. So PLUT's role is not only limited to being a mentor but, more than that, also as a facilitator and mediator.

Throughout its functions, representative informants from PLUT stated that they had assisted many of the MSMEs they fostered in improving their financial recording capabilities. However, the homework is the consistency of MSME players in remaining willing to record every transaction regularly. As expressed by an informant from PLUT:

“...they (MSMEs), after every training, are serious about doing their bookkeeping. But yes, a week or two, a month at most. After that, I went back to being lazy about bookkeeping. If someone is consistent in their bookkeeping, they usually want to try to access funding, whether a bank or aid funds. “Because we as managers are obliged to ask for bookkeeping, even if it is still limited to cash flow and profit and loss, because that is what they need.”

The informant also continued that MSMEs were still lazy in their bookkeeping because they felt it took time to prepare. Meanwhile, MSME owners are often still directly involved in their business activities. Moreover, bookkeeping is repetitive and requires sufficient accuracy and knowledge when compiling it. A complex vortex that ultimately creates the reality of low levels of accounting implementation in MSMEs. Representatives from PLUT hope that there will be an automatic and straightforward system that can support complete bookkeeping for MSMEs so that the complexity of accounting, both in terms of knowledge and preparation time, can be reduced.

This condition was validated by several MSMEs, such as the owner of a DP (MSMEs operating in the snack industry) who in 2020 registered their business with the local Cooperative and SME Service intending to get capital assistance and assistance in the form of training and guidance to improve their business. Business owners receive business capital assistance through loans with profit-sharing agreements by becoming a Cooperative and SME Service member. The Cooperatives Department distributed this capital by creating BUMMAS (Community-Owned Enterprises). This assistance requires business owners as recipients of assistance to make profit and loss reports. Assistance with a profit-sharing agreement requires the aid recipient to share 30% of the business profits handed over to BUMMAS, while 70% of the business results become the aid recipient's profit.

Perceptual Analysis of MSME Actors Regarding the Relevance of Accounting Implementation

MSME players are very aware of the importance of sound financial management and, in particular, understand the importance of accounting as an integrated part of managing their business finances. The KKL owner (MSMEs engaged in food processing) stated:

"... if it is true, we will all note down the details (while showing the double folio book used for taking notes). How many goods come, how many dry and wet (skin), how much oil, gas, spices, wages for subordinates, coffee, cigarettes, food. Moreover, we will definitely record the debts of customers and friends too. So we know how much money (cash) is out and how much is coming in... Moreover, now, thank God, the business is getting bigger, this one book (double folio) only lasts a year. I can't just rely on memories now."

The statements made by KKL owners were also echoed by almost all MSME owners who were the objects of this research. Most MSMEs stated that they need records in running their business, considering the demands currently faced by MSME players, both internal and external. The internal demands faced are due to the increasing complexity of the transactions they face, requiring MSMEs to record in detail the transactions that occur in their businesses. The second demand is that MSMEs no longer run their businesses but have also started recruiting employees, so a control mechanism is needed.

Meanwhile, external demands arise when MSME actors come into contact with parties interested in utilizing financial information from MSME actors. For example, the

owner of a TL (MSMEs engaged in tobacco processing) said that his business made a profit and loss report because there was an obligation by Customs regarding the use of tobacco excise stamps:

“...we routinely report our bookkeeping (profit and loss report) to customs. Every week, no later than two weeks, we have to report. If not, you could be subject to sanctions. We are obliged to report because it is related to the use of excise stamps so that they can ensure that we are not selling tobacco products illegally. So, every time we buy an excise stamp, we calculate how much tobacco we will sell, because each tape has different grams (weight) and type of tobacco. Later they adjust it to our sales figures from that report. That’s why we have employees who we specifically employ to take care of the documents and bookkeeping.”

However, can the recording carried out by MSMEs be said to be following accounting standards? Of course, further investigation is needed to withdraw this statement. As is known, accounting itself is an information preparation system that processes financial data originating from business activities/economic activities. As befits a system, accounting can be divided into input, process, and output activities (Martani et al., 2012). In accounting, input is the occurrence of transactions; the process identifies, records, classifies, and summarizes transactions into financial reports. Finally, the main output from accounting is financial reports that comply with financial accounting standards.

Referring to this, the recording that most MSME players have carried out based on findings in the field is still in the early stages of the accounting cycle. To say that accounting has been implemented thoroughly, several further processes are needed so that financial reports that comply with standards can be produced. This is still an obstacle for most MSME actors because there is a gap between the practices that occur in the field and the applicable standards (Damak-Ayadi et al., 2020) (Wulandari et al., 2020) (Anggraini et al., 2021) (Lestari et al., 2022) (Biduri et al., 2021) (Savitri & Saifudin, 2018) (Sularsih & Sobir, 2019).

The gap is caused primarily by resistance carried out by MSME actors themselves. MSME players consider that the information they currently obtain is sufficient to help them run their businesses. “...There is no balance sheet. The financial aspect that I pay attention to is only money coming in and going out or usually just how much total cash I have. “So I did not detail my overall finances, nor did I explain the value of the equipment and other equipment in nominal terms,” said the owner of DN

(MSMEs operating in the service industry) in response to the researcher's question. The same thing was also expressed by the owner of RKL (MSMEs operating in the creative industry), who stated:

“...bookkeeping is only limited to financial records, in the form of records of receipts and expenditures of money only. So there is no special report in the form of a complete and neat financial report”.

The KKL owner further strengthens the previous statement of MSME actors, who emphasized that financial information is prepared for personal purposes. MSME actors do not need to prepare financial reports according to standards.

“... if outsiders read this book, they will be confused because we are the only ones who understand what it contains, where the money comes in, where the money comes out, and where the debt is. The important thing is that we record all activities so we do not forget and know how much money was spent on production. “But if we want to use accounting standards, we will be confused, so we will have to read them later.”

The phenomenon among MSME players who think the information they need has been fulfilled takes time. The theory of planned behavior (TPB) explains that a person's attitude towards behavior in general or toward the behavior is related to a person's essential attitude (person in nature), which influences the intensity of behavior and is related to subjective norms and perceived behavioral control. The perception of each actor forms the meaning of needs, and the perception of the fulfillment of information and the usefulness of information is formed by the background of each perceiver, which strongly impacts the action that must ultimately be carried out (role perception).

The educational background of MSME actors can influence the perception of MSME actors regarding how important it is to carry out bookkeeping and financial reporting for their business for the growth and development of their business. Knowledge about accounting, especially regarding the function of financial reports, is obtained if someone undergoes accounting education. In theory, business actors with an educational background in accounting are believed to have a better perception of SAK EMKM than business actors with a background other than accounting. This condition indirectly makes MSME players perceive that accounting is complicated and difficult. This is because their scientific base rarely discusses accounting in depth. So, limited

knowledge and energy ultimately hinder consistently preparing for bookkeeping. As explained by the owner of DP:

"...I want to keep complete records because I want my business finances to be good, but I don't fully understand this because my brother and husband taught me, because I have never attended training. If we can, we will definitely be more enthusiastic about recording finances, but if we can't, we will become even more lazy".

To cover the gap in accounting knowledge, most MSME owners/managers do simple bookkeeping according to their understanding using various media, whether manually using books or digitally, such as Excel in various formats. They do not understand how to prepare financial reports, from recording, recognition, and measurement to presenting financial reports following SAK EMKM. The development of digital technology currently plays a crucial role in reducing accounting complexity, especially for MSMEs (Pan & Lee, 2020).

The phenomena occurring among MSME actors who are the object of this research are also experienced by MSME actors in other places. For example, Savitri (2018) research on MSMEs concluded that these MSMEs did not implement accounting records at all in their business. This is expressed by the perception of MSME entrepreneurs that accounting records are complicated and will only add to work. MSME players think that an expert in their field must carry out accounting records because entrepreneurs and MSME owners do not have basic accounting knowledge.

Likewise, research results from (Daoud, 2023) concluded that MSMEs use accounting information only through bookkeeping or simple notes to record business finances. MSMEs do not prepare financial reports because accounting is complicated to apply, and there is limited understanding and skills in preparing financial reports. Meanwhile, , Risal & Wulandary (2021) concluded that MSMEs do not fully understand the accounting process. Every transaction activity that occurs has yet to be recorded consistently. There are still MSME players who only record it if the transaction value is relatively large. MSME actors are motivated to prepare financial reports due to the need for business capital, which can be obtained from third parties, and the condition that MSME actors must include business financial reports.

Coercive Isomorphism: Encouraging "bargaining value" in reducing resistance to implementing accounting

Relations with external parties have long been one factor that can impact MSME decisions in compiling and providing accounting information (Suryantara & Ridhawati, 2023). The involvement of external parties with MSME actors, as stated in a "contract agreement," can theoretically encourage MSME actors to adopt a system. This condition is called coercive isomorphism. According to institutional theory, coercive isomorphism is external pressure exerted by the government, regulations, or other institutions to adopt a structure or system. These demands aim to regulate existing practices to improve them (Ferrero & Sánchez, 2017). On the other hand, the coercive power of regulation can cause an organization's tendency to gain or improve legitimacy, thereby only emphasizing positive aspects so that the organization looks good to parties outside the organization.

The phenomenon that occurs based on the results of this research shows that in several conditions, external parties' demands for MSMEs to prepare their company's financial reports are pretty effective if the "bargaining value" from external parties is high enough. For example, in TL companies that operate in the tobacco processing sector, excise authorities demand that MSMEs report the use of excise through financial reports, which can force MSMEs to prepare and report their financial reports routinely. If they do not fulfill these requirements, MSMEs cannot buy excise stamps, which causes losses for MSMEs in the tobacco industry. Likewise, in conditions where MSMEs are trying to access revolving aid funds, they will try to fulfill the requirements determined by the aid provider. MSME players consider the revolving aid fund system very profitable, and the quota is very limited.

However, on the other hand, if outside parties' "bargaining value" position is deemed not strong enough, then the encouragement of MSME actors to prepare appropriate financial reports will not be optimal, such as conditions that occur in financial institutions, where the requirements for MSMEs to apply for credit in the form of financial reports are often not met. However, MSMEs' bargaining value position is relatively high for banks, especially BPRs, causing technical requirements to be compromised. This is also caused by competition between banking companies and existing demands, which have created this condition.

Banks, like any business, must achieve profitability performance, and credit distribution is one of the spearheads to achieve this performance, likewise with activity

performance where banks have a third-party fund disbursement ratio (loan to deposit ratio/LDR), measured by the amount of credit disbursed compared to deposits. This performance shows whether the bank can play a good role as a financial intermediation institution. In other words, credit distributed by banks is a benchmark for banking performance, meaning banks must distribute credit sufficiently. Therefore, this research found a tendency for banks to approve credit applications even without financial reports prepared by MSME players.

This phenomenon was revealed long ago by (Ramli & Iskandar, 2014) in their research, which revealed that the application of accounting in large companies in Indonesia could be described as an official concern caused by coercive isomorphism, where the application of accounting is based on coercion, issued by regulators or power owners. For example, companies listed on the stock exchange must publish audited financial reports. So that a standard such as accounting can be implemented effectively if there is encouragement from interested parties (stakeholders)) (Damak-Ayadi et al., 2020). Likewise, research results expressed by (Barreto & Brás, 2023) stated that there is a need for involvement from policymakers and decision-makers to use their position to support an effective climate for MSMEs in compiling and utilizing accounting information.

KESIMPULAN

Referring to the views expressed by Stakeholders and MSME owners, a common thread can be drawn that the bargaining value between MSMEs and stakeholders is the key to implementing accounting for MSMEs or vice versa. In conditions where the bargaining value of stakeholders is more vital, this position can be used to encourage MSMEs to implement systems that are expected to have a positive impact (coercive isomorphism). On the other hand, if MSMEs consider their bargaining value higher, the encouragement to implement accounting through a coercive isomorphism approach will be less effective. Meanwhile, if we look at it from another perspective, the findings of this research further strengthen that both Stakeholders and MSME players agree that recording financial activities is essential even though the records are prepared based on various formats tailored to the information they need. Information that is useful and understood by MSME owners is more important than information that must be adapted to standards.

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