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The Construction of Accounting Meaning in the Preparation of Financial Statements Based on SAK EMKM Among MSME Operators at Sukawati Market: A Phenomenological Study

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Abstract

The practice of preparing financial statements based on SAK EMKM among MSME entrepreneurs is often viewed as a technical administrative issue, whereas in the context of traditional markets, this practice is closely tied to the social and cultural experiences of business owners. This study aims to understand the construction of accounting meaning among MSME entrepreneurs at Sukawati Market in Bali. The study employs a phenomenological approach using purposive sampling of 5 active MSME entrepreneurs. Data were collected through in-depth interviews, participatory observation, and document analysis, and were subsequently analyzed using phenomenological thematic analysis. The results revealed four main themes: accounting as a tool for survival; SAK EMKM as an administrative formality; the influence of culture and family relationships on financial management; and financial statements as a symbol of business professionalism. These findings indicate that MSME accounting practices are not neutral but are shaped by life experiences, local culture, and social dynamics. This study contributes to strengthening the interpretive perspective in accounting and provides implications for the development of MSME mentoring based on local cultural contexts.

Keywords Construction of meaning, SAK EMKM, MSMEs, Phenomenology

INTRODUCTION

Traditional markets are venues for economic transactions. In addition, traditional markets are also places where cultural and social values, family ties, and daily life strategies are practiced every day. Sukawati Market is one of the traditional markets in Bali. The economic activities of MSME operators take place amid the dynamics of tourism, changes in public consumption patterns, and the demands of modernization and the digitization of business administration. For most small business owners, their business is not merely a source of income, but rather a part of their family's identity and the continuation of local traditions passed down through generations. In this context, accounting practices are often not viewed as a formal, structured system, but rather as a simple tool to ensure the business continues to operate so that the family's needs remain met.

This phenomenon was evident in the daily operations of MSME owners at Sukawati Market during the initial observation period. They relied solely on simple manual record-keeping. There was no systematic record-keeping related to their sales. Most of them simply recorded accounts receivable and payable in a small notebook, which was sometimes mixed with household expense records. The rest even just kept track of transactions in their heads without making any systematic records. In an initial interview, one MSME owner stated that financial reports are considered important only when needed to apply for a bank loan or to process government assistance. Statements such as "What matters is that I know there's still money to spend tomorrow" indicate that accounting practices are understood pragmatically and contextually, rather than as a form of compliance with formal standards. On the other hand, some business owners consider the preparation of financial statements based on the Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) to be a complicated process due to their limited knowledge of the subject.

This situation highlights a disparity between the demands of modern accounting formalities and the traditional economic practices of the community. The government and financial institutions encourage MSMEs to prepare financial statements based on the SAK EMKM to enhance transparency and facilitate access to financing. In practice, however, the implementation of these standards is not always effective due to limited accounting literacy, educational factors, business experience, and local culture—all of which shape how MSME operators view money and business. In this context, the economic practices of Balinese communities cannot be separated from social and customary obligations. The need for religious ceremonies and communal relationships often influences the financial management of businesses.

The urgency of this research is increasingly relevant in the current economic climate, where MSMEs are required to adapt to economic digitalization, access to formal financing, and an increasingly open market. Globally, issues regarding financial inclusion, the sustainability of MSMEs, and informal accounting practices have become key concerns in economic and social accounting studies. The gap between formal accounting standards and the actual practices of small business owners is often an unavoidable challenge.

Over the past five years, research on the implementation of SAK EMKM has shown significant progress. Mabruri & Wibowo (2022) found in their study that the financial recording practices of MSMEs are influenced more by practical needs than by a sense of formal accountability. Most MSMEs in the study by Putri et al. (2023) were not yet able to prepare financial statements in accordance with standards due to limited understanding of accounting. Ndururu et al. (2024) explained that the implementation of SAK EMKM in MSMEs is still administrative in nature and is carried out when there are external needs such as loans or business reporting. Anggraeni's (2025) study highlights the importance of financial statement transparency for business sustainability, while Sentosa & Rachmi (2025) have begun developing research on the social significance of SAK EMKM through a constructivist approach.

Most previous research has focused on the technical aspects of implementation, compliance levels, or accounting literacy among MSMEs. These studies tend to view accounting as a rational and formal administrative tool. Meanwhile, the dimensions of subjective experience, meaning construction, and sociocultural dynamics in accounting practices have not yet been explored in depth. Phenomenological research on how MSME actors interpret financial statements in their daily lives is also still very limited, particularly in the context of traditional markets rooted in local culture, such as Sukawati Market. In fact, accounting practices in MSMEs do not exist in a vacuum; rather, they are shaped by life experiences, social relationships, business identity, and cultural values that have evolved within the community.

Based on these conditions, this study aims to understand the construction of accounting meaning in the preparation of financial statements based on SAK EMKM among MSME actors at Sukawati Market through a phenomenological approach. The term "construction of meaning" means that the study seeks to understand how the meaning of accounting is "shaped" by the experiences, habits, culture, and social realities of MSME actors. In this context, accounting is not merely understood as a technique for recording numbers, but as something that holds specific meaning for merchants or business owners. The research focuses on the life experiences of business owners in interpreting financial recording practices, the social processes influencing the implementation of SAK EMKM, and the cultural dynamics shaping their accounting practices. In other words, the research does not merely examine "whether MSMEs implement SAK EMKM," but delves deeper into the question, "What does accounting mean to them?"

METHODS

This study employs a qualitative approach using interpretive phenomenological analysis (IPA). Phenomenological research is a philosophical approach that seeks to deeply understand the meaning of human lived experience (Maulana & Budiyono, 2024). The phenomenological approach was chosen because this study seeks to understand the lived experiences of MSME actors in interpreting accounting practices and preparing financial statements based on the SAK EMKM. The focus of the study is not on quantitatively measuring the level of compliance or the effectiveness of the standards' implementation, but rather on how experiences, perceptions, cultural values, and social interactions shape the way MSME actors understand accounting in their daily lives. The research was conducted at Sukawati Market in Gianyar Regency, Bali. The location was selected through purposive sampling, considering that Sukawati Market is a hub of traditional SME activity with strong social and cultural characteristics. Most business owners in this market run family businesses that have been passed down through generations; consequently, their financial management practices are influenced not only by economic needs but also by social relationships, traditional values, and local Balinese culture. Participants were selected using purposive sampling. The criteria for participants included: (1) active SME operators at Sukawati Market; (2) having operated their business for at least three years; (3) having kept business financial records, whether simple or based on the SAK EMKM standards. The number of participants in this study was five SME operators.

Data collection techniques included in-depth interviews, participatory observation, and document analysis. In-depth interviews were used as the primary technique to explore participants' subjective experiences, perceptions, and the meanings they constructed regarding accounting practices. The interviews were conducted using a semi-structured approach with open-ended questions that allowed participants to describe their experiences freely and reflectively. Some interview topics included experiences in preparing financial statements, views on the SAK EMKM, challenges in financial record-keeping, and the influence of culture and social relationships on business management. All interviews were recorded using a voice recorder with the participants' consent and were subsequently transcribed verbatim for analysis. In addition to the interviews, participatory observation was conducted to understand financial management practices within the real-world context of daily business activities. The researcher observed how MSME owners recorded transactions, kept payment receipts, managed business funds, and interacted with customers and family members in economic activities. The study also utilized document analysis of cash books, transaction receipts, accounts receivable and payable records, and simple financial statements maintained by the participants. These documents served as supporting data to understand the forms of accounting practices employed by MSME operators. Data analysis was conducted using a phenomenological thematic analysis approach through the stages of Interpretative Phenomenological Analysis (IPA). The first stage involved repeatedly reading the interview transcripts to grasp the participants' overall experiences. The next stage was the open coding process, which involved identifying units of meaning emerging from the participants' narratives. Codes with related meanings were then grouped into categories and main themes representing the subjective experiences of MSME operators. Subsequently, the researcher interpreted these themes by relating them to the sociocultural context and the theories used in the study.

FINDINGS AND DISCUSSION

Based on the phenomenological analysis conducted, four main themes were identified that illustrate how MSME operators at Sukawati Market construct meaning around accounting practices and financial statements in their daily lives.

Table 1
Results of the phenomenological analysis

Main Theme	Interpretations That Emerge	The prevailing social situation
Accounting as an Marker for Survival	Accounting is understood as a tool for ensuring business sustainability	Family businesses and daily economic needs
SAK EMKM as a formality	Accounting standards are far away from the reality of traditional markets	SME training, access to credit, business administration
Cultural and Family Relationships	Financial management is influenced by culture and social relationships	Cultural, family, and community traditions
Financial Reporting as a Mark of Professionalism	Accounting is seen as a symbol of modern business and social legitimacy	Business Digitalization and Market Competition

Source: Compiled interview data, 2026

Based on Table 1, the first theme that emerged was "Accounting as a Marker of Survival." For most participants, financial record was not understood as a formal system that must follow specific standards, but rather as a simple tool to ensure the business continued to operate day to day. In our observations, some merchants kept transaction records in small notebooks, others simply recorded the quantity of incoming goods and daily sales revenue. There was no clear separation between business funds and personal funds. However, for them, these simple records were sufficient to "get a sense" of the business's condition. A participant identified as KI (56 years old) stated: "I don't understand reports like those used by companies. What's important is that I know I can still buy goods today and have some money left over for home." This statement indicates that accounting is understood in practical and emotional terms, not technical ones. Knowing there's still money provides a sense of security that is more important than compliance with formal financial reporting formats.

A similar situation arise when the researcher observed transaction processes at theof other MSME operators. When asked about profits or financial position, the response was: "If you ask, there's definitely a profit, but I don't know the exact amount. Sometimes business funds are used first for household needs." In the participants' experience, financial record is integrated into the rhythm of daily life. The act of recording expenses or recalling daily transactions can be understood as a form of practical awareness born from the business owners' lived experiences. On one hand, accounting is considered important, but on the other hand, it is difficult to separate from social needs. The first theme regarding accounting as a marker of survival indicates that financial record practices are closer to the logic of survival than to formal administrative logic. These findings align with the research by Izza et al. (2026), which shows that the meaning of business obligations in MSMEs is shaped by social relationships and survival strategies, not merely by formal economic rationality. This finding is also consistent with the research by Mabruri and Wibowo (2022), which states that financial record in MSMEs is more influenced by practical business needs than by a focus on compliance with accounting standards. However, this study expands on those findings by demonstrating that simple record practices are not merely a result of low accounting literacy but rather part of how MSME operators maintain a sense of security in the face of daily economic uncertainty.

The second theme was SAK EMKM as a formality far away from the realities of the market. Although some participants had heard of SAK EMKM through government training or MSME mentoring, the standards were often perceived as complicated, too formal, and not fully aligned with the realities of doing business in traditional markets. This theme emerged when participants shared their experiences attending business administration training. One participant, DW (30), explained, During the training, they explained that we had to prepare profit and loss statements and various other reports. After the training, I was confused again. The market is sometimes busy and sometimes slow, so it's difficult to keep everything complete." Limited accounting knowledge poses a significant barrier to the implementation of financial reporting in MSMEs (Sebtika & Hariyadi, 2024). Some participants admitted that they only begin preparing financial statements when a specific need arises, such as applying for a business loan or government assistance. Accounting is thus understood not as an internal business necessity, but as an administrative requirement to obtain formal legitimacy. Business owners understand the importance of financial statements in accessing credit and establishing business legitimacy, but at the same time feel unfamiliar with accounting terminology and procedures. The ability to understand formal accounting is not evenly distributed, so accounting standards are easily accessible only to certain groups. These findings align with the study by Ndururu et al. (2024), which shows that the implementation of SAK EMKM in MSMEs tends to be administrative in nature and is carried out only when there are external demands. MSME entrepreneurs do not entirely reject SAK EMKM, but they experience ambivalence, they want to be viewed as professional, yet at the same time feel they lack the capacity to meet existing standards. In this situation, accounting is no longer merely an economic instrument but also an arena for the formation of social identity between traditional businesses and modern businesses.

The third theme in Table 1 is the relationship between family and local culture in financial management. This theme shows that accounting practices among MSMEs at Sukawati Market cannot be separated from the communal culture of Balinese society. Business finances are often intertwined with family needs, traditional obligations, and social relationships in the surrounding community. Participant NU (58) explained, "If there's a traditional ceremony, the money is used for that first. We'll make up for it later, little by little. In Bali, you can't just prioritize the business." This statement indicates that economic decisions are not entirely based on the logic of individual profit. Business practices coexist with social obligations and cultural identity as members of an indigenous community. In the participants' experience, formal financial reports are often seen as incapable of representing this social reality. Expenses for the extended family, traditional activities, or social assistance are not viewed as a burden on the business but rather as an inseparable part of life that is intertwined with economic activities. This theme reveals that accounting practices in MSMEs are not merely a technical matter of record keeping but also a reflection of how communities interpret social relationships, cultural responsibilities, and the sustainability of communal life. The use of business funds for customary or family needs is not viewed as a violation of the economic entity principle but as a form of social responsibility and cultural identity. Sulistiyo et al. (2022) demonstrated in their research that SME operators still require education on separating personal assets from business assets. The rationality of MSME operators is not measured solely by profit generation or administrative completeness but also by their ability to maintain social relationships and fulfill cultural responsibilities. Thus, this study reveals that accounting practices in traditional MSMEs contain moral and communal dimensions that are often overlooked in conventional accounting approaches.

The fourth theme identified in Table 1 is financial statements as a symbol of professionalism. Amid various limitations, some participants began to shift their perspective on financial statements. Their experiences interacting with banking institutions, digital media, and MSME mentoring programs led them to view accounting as a symbol of business integrity and an opportunity for growth. This shift is particularly evident among younger-generation MSME owners or those who have started using social media and digital platforms for business marketing. Participant KN (24) remarked, "Competition is getting tougher these days; if you want your business to grow, your record-keeping has to be more organized. I've started preparing reports, even if they're still simple." Unlike older participants, this group views financial statements not merely as an administrative obligation but also as a form of modern business identity. They are beginning to link financial record-keeping to a professional image, customer trust, and investment opportunities. Accounting is increasingly seen as a symbol of business seriousness and a tool for gaining broader social recognition. This finding aligns with the research by Putri et al. (2023), which shows that digitalization and access to financing are driving MSMEs to recognize the importance of financial reports.

CONCLUSION

This study shows that the meaning of accounting in the preparation of financial statements based on SAK EMKM among MSME operators at Sukawati Market is not constructed solely from administrative logic and formal compliance, but rather through life experiences, social relationships, and the cultural context surrounding their business activities. Accounting is interpreted in various ways, including as a tool for survival, a means of obtaining business legitimacy, a space for negotiation between economic needs and social obligations, and a symbol of identity transformation toward a more modern business. These findings reveal that accounting practices among traditional MSMEs are not neutral or purely technical but are social practices rich in meaning, emotion, and cultural dynamics.

Through a phenomenological approach, this study demonstrates that SME entrepreneurs do not always perceive financial statements as representations of the formal economy as envisioned in modern accounting standards. Instead, financial recording practices often emerge from concrete experiences of dealing with economic uncertainty, family demands, customary relationships, and ongoing social change. In this context, the study reveals that the implementation of SAK EMKM cannot be separated from the social processes through which these standards are negotiated and interpreted by business owners in their daily lives. The approach to implementing SAK EMKM has so far tended to emphasize technical aspects and administrative compliance, while the experiences of MSME entrepreneurs indicate the need for a more contextual and locally based approach. Accounting training and mentoring programs need to be designed with the social realities of small business owners in mind, including simpler language, learning methods based on daily practices, and recognition of the cultural values and social relationships that influence business management.

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