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Determinants of the Implementation of SAK EMKM (Financial Accounting Standards for Micro, Small, and Medium Entities) and Sharia Accountability Principles among MSMEs in Wajo Regency

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Abstract

This article examines the factors that may determine the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) and the enactment of Sharia accountability principles among micro, small, and medium enterprises (MSMEs) in Wajo Regency, South Sulawesi, Indonesia. Using a focused narrative literature review and a contextual analytical approach, the article integrates the SAK EMKM framework with accounting-literacy, institutional-support, technology-adoption, and Islamic accountability perspectives. The analysis identifies accounting knowledge, educational background, owner and employee competence, business scale and age, separation of business and personal finances, access to accounting information technology, SAK EMKM socialization, and external mentoring as plausible determinants of standards implementation. It further conceptualizes Sharia accountability through amanah (trustworthiness), shiddiq (truthfulness), 'adl (justice), transparency, and responsibility to God, people, and the environment. The article argues that technical compliance and ethical accountability are complementary but analytically distinct: SAK EMKM provides a proportionate financial-reporting structure, while Sharia principles shape the ethical purpose and conduct of recording, disclosure, and resource management. Because no primary survey data from Wajo Regency were supplied for this manuscript, the article does not claim statistical findings or causal effects. Instead, it develops an integrated research framework and testable hypotheses for subsequent field research. The proposed framework can guide local government, accounting educators, professional associations, and MSME-support institutions in designing practical training and mentoring that combines financial-reporting competence with Islamic ethical values.

Keywords SAK EMKM; MSMEs; accounting implementation; accounting literacy; Sharia accountability; Wajo Regency.

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INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are important contributors to employment, household income, and local economic activity. Their contribution, however, is not determined only by sales growth or production capacity. Sustainable business management also requires reliable information about cash flows, assets, liabilities, costs, and business performance. In many small enterprises, financial records remain informal, incomplete, or mixed with household transactions. Such practices make it difficult for owners to evaluate profitability, prepare for financing, assess business risks, and demonstrate accountability to creditors, suppliers, customers, and public institutions.

In Indonesia, the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) were developed to provide a simplified financial-reporting framework proportionate to the needs and capabilities of eligible entities. The standard was approved by the Indonesian Institute of Accountants (Ikatan Akuntan Indonesia/IAI) in 2016 and became effective on 1 January 2018. It is intended to facilitate the transition from cash-oriented records to accrual-based financial reporting and to improve the usefulness of MSME financial information (IAI, 2016). SAK EMKM is therefore not merely a bookkeeping format; it is an institutional instrument for improving the consistency, comparability, and credibility of financial reports.

Despite the availability of a simplified standard, implementation is not automatic. MSME owners may have limited accounting knowledge, insufficient time, inadequate documentation, low awareness of the standard, or little access to professional assistance. Prior Indonesian studies identify accounting understanding, human-resource competence, business characteristics, education, socialization, and information availability as factors associated with SAK EMKM implementation, although the significance of individual factors varies across locations and samples (Sari et al., 2023; Manan & Rahmadhani, 2024; Didied et al., 2024). Recent evidence also suggests that dissemination and practical support may matter as much as owners' technical knowledge (Arief & Anand, 2026). These differences indicate that implementation is context-dependent and should be examined within specific local business environments.

Wajo Regency in South Sulawesi provides a relevant setting for examining these issues. The local economy includes diverse small-scale trading, food, service,

craft, and production activities. The availability of local administrative data and the role of the regional agency responsible for industry, trade, cooperatives, and MSMEs create opportunities for targeted business-support initiatives. BPS metadata also records a local data-collection activity for small and medium industries in Wajo, underscoring the importance of maintaining a reliable local enterprise database (BPS, 2023). However, this contextual relevance should not be confused with evidence about the actual level of SAK EMKM compliance: that level must be established through primary observation or survey data.

The research problem becomes more complex when MSME financial practices are considered from an Islamic perspective. In a predominantly Muslim business environment, accountability may be understood not only as compliance with legal and administrative requirements but also as a moral responsibility grounded in amanah, honesty, justice, transparency, and social welfare. Islamic accountability is multidimensional: it concerns responsibility before God as well as responsibility toward people who are affected by business decisions (Basri et al., 2016). Islamic accounting literature similarly emphasizes that financial recording and reporting should reflect ethical conduct and the responsible stewardship of wealth, rather than being treated as purely technical procedures (Baydoun & Willett, 1994; Haniffa, 2002; Triyuwono, 2001).

SAK EMKM and Sharia accountability should therefore be examined together without treating them as interchangeable concepts. SAK EMKM specifies a financial-reporting basis and minimum statements for eligible entities, whereas Sharia accountability provides ethical principles that influence how transactions are conducted, recorded, explained, and used. An MSME may prepare basic financial statements yet still need to strengthen honesty in disclosure, fairness in transactions, or responsibility in the use of business resources. Conversely, strong ethical intentions do not by themselves ensure technically adequate financial statements. An integrated framework is needed to explain both dimensions.

This article aims to develop an analytical framework for understanding the determinants of SAK EMKM implementation and Sharia accountability principles among MSMEs in Wajo Regency. It addresses three questions: (1) which owner, enterprise, technological, and institutional factors are theoretically relevant to SAK EMKM implementation; (2) how can Sharia accountability principles be operationalized in MSME financial practices; and (3) how can the two dimensions be integrated into a testable research model? The article contributes a contextual framework for future empirical research and offers practical implications for local

MSME development programs.

METHOD

This manuscript adopts a focused narrative literature review and contextual framework-development approach. It synthesizes foundational standards and conceptual literature on SAK EMKM, MSME accounting adoption, information-system use, institutional support, and Islamic accountability. The review prioritizes official standard-setting materials, Indonesian regulations, peer-reviewed studies on SAK EMKM implementation, and scholarly works on Islamic accounting and accountability. The purpose is to identify recurring constructs and develop a research model relevant to MSMEs in Wajo Regency, rather than to calculate a pooled statistical effect or report primary field findings.

For subsequent empirical validation in Wajo Regency, a quantitative cross-sectional survey is recommended. The target population should be active MSMEs listed in the most recent verified register maintained by the relevant Wajo Regency agency. The sampling frame, population size, sectoral distribution, and inclusion criteria must be obtained from that agency before determining the sample. A proportionate stratified or purposive sampling strategy may be considered depending on the completeness of the register and the research objective. Respondents should be owners or managers who understand the enterprise's financial-recording practices. No population figure or sample size is asserted in this article because a verified current register was not provided.

Primary data can be collected through a structured questionnaire, supported by document review where respondents consent. Independent-variable indicators should cover accounting knowledge, education and competence, business scale, business age, digital accounting capability, and exposure to SAK EMKM socialization or mentoring. SAK EMKM implementation should be measured through transaction recording, separation of business and personal finances, preparation of the required financial statements, and consistency of reporting. Sharia accountability should be measured through observable indicators of amanah, shiddiq, 'adl, transparency, and social responsibility. Items should be reviewed by accounting and Islamic-accounting experts and pilot-tested for clarity in the local language.

If the research uses a Likert-scale instrument, construct validity and reliability should be assessed before hypothesis testing. Multiple linear regression may be used when the constructs are measured as composite scores and the model assumptions are adequately met. Alternatively, partial least squares structural equation modeling

may be considered for a model with multiple latent constructs, subject to an appropriate sample size and measurement-model assessment. Analysis should report descriptive statistics, instrument validity, reliability, multicollinearity diagnostics, model fit or explanatory power as appropriate, coefficient estimates, confidence intervals, and significance levels. Statistical conclusions must be based solely on the actual collected data.

Ethical safeguards should include informed consent, voluntary participation, confidentiality of business records, secure data handling, and clear separation between research participation and access to government assistance or financing. Financial documents should be anonymized, and no respondent should be required to disclose commercially sensitive information beyond what is necessary for the research.

FINDINGS AND DISCUSSION

1. Accounting Literacy as a Foundational Capability

The literature-based analysis positions accounting literacy as a foundational capability because SAK EMKM requires users to distinguish the economic substance of transactions and translate them into financial categories. An owner who understands the difference between revenue and cash receipts, or between business expenses and personal withdrawals, is better equipped to maintain records that can be summarized into financial statements. This interpretation is consistent with prior Indonesian research that identifies accounting understanding and competence as relevant factors, while also acknowledging that results differ across locations and research designs (Manan & Rahmadhani, 2024; Didied et al., 2024).

For Wajo MSMEs, training should therefore move beyond explaining the existence of SAK EMKM. A practical program could use examples drawn from trading, food processing, services, agriculture-related businesses, and small manufacturing. Participants could practice recording sales on credit, purchases of inventory, equipment acquisition, owner withdrawals, and operating expenses. The training should culminate in the preparation of a simple statement of financial position and income statement. Such an approach directly links knowledge to routine business decisions.

2. Socialization, Mentoring, and Institutional Support

Awareness campaigns can inform business owners that a simplified standard exists, but implementation often requires repeated assistance. The distinction between socialization and mentoring is important: socialization communicates information, whereas mentoring helps owners apply the requirements to real

transactions and resolve practical problems. Research on Indonesian MSMEs indicates that dissemination and support can be associated with implementation, although the strength of the relationship varies by context (Sari et al., 2023; Arief & Anand, 2026).

Local government, universities, accounting-service providers, cooperatives, and financial institutions can coordinate a staged support model. The first stage can assess current bookkeeping practices; the second can provide basic transaction-recording templates; the third can guide the preparation of SAK EMKM statements; and the fourth can review records periodically. This model is particularly relevant where enterprises have limited resources to hire professional accountants. It also helps prevent the misconception that adopting a standard is a one-time administrative activity.

3. Digital Tools and the Quality of Financial Information

Digital bookkeeping applications and transaction platforms can improve the timeliness and traceability of records. Digital payment histories may provide useful supporting evidence, while inventory and point-of-sale systems can reduce omissions in daily recording. However, technology adoption should be evaluated by the quality of information produced, not merely by whether an enterprise owns a smartphone or uses a digital payment method. In line with the information-systems success perspective, system quality and information quality matter because they shape use and the benefits obtained (DeLone & McLean, 2003).

A digitalization program for Wajo MSMEs should therefore combine accessible tools with basic accounting instruction, data backup practices, and guidance on classifying transactions. The selected application should be affordable, usable offline where necessary, and capable of producing reports that can be reconciled with SAK EMKM requirements. Digital records should also be protected because business transaction data can reveal sensitive information about customers, suppliers, and business performance.

4. Integrating SAK EMKM with Sharia Accountability

The central conceptual contribution of this article is the distinction and integration between technical reporting compliance and ethical accountability. SAK EMKM can improve the structure of financial statements, while Sharia principles guide the conduct that generates the information. Amanah encourages owners to safeguard resources and honor obligations; shiddiq discourages fictitious or incomplete records; ‘adl encourages fair treatment of workers, suppliers, and customers; and transparency supports clear disclosure to parties with legitimate

interests. These principles reinforce the ethical credibility of accounting practices (Haniffa, 2002; Basri et al., 2016).

The relationship should not be reduced to a claim that an enterprise is accountable simply because its owner identifies as Muslim. Sharia accountability is better assessed through practices: whether sales and expenses are recorded honestly, whether debts and obligations are acknowledged, whether business and personal funds are separated, whether contracts are fulfilled, and whether relevant information is communicated without deception. This behavioral approach makes the construct more suitable for empirical measurement and avoids treating religious identity as a proxy for ethical conduct.

The integration also has practical implications for financial inclusion. Consistent financial records may help owners understand their financial position and communicate with lenders or business partners. Ethical transparency can strengthen trust, but it does not guarantee access to financing or business success. These outcomes also depend on creditworthiness, market conditions, collateral requirements, institutional policies, and other factors beyond the scope of accounting implementation.

5. Contextual Implications for MSMEs in Wajo Regency

A Wajo-specific study should account for differences across sectors, business size, location, owner experience, and access to business-support services. A micro-scale household enterprise may need a very simple recording process, while a small producer with employees, inventory, and supplier credit may require more structured procedures. The same training package may not work equally well for all groups. Segmenting the sample by sector and business scale can help identify which determinants are most relevant for different types of enterprises.

The local government's enterprise database is a key starting point for valid research and effective policy design. The official statistical metadata for Wajo documents an annual administrative data-collection activity for small and medium industries, including information such as workforce, investment, production capacity, raw-material value, production value, and permits (BPS, 2023). These data may help characterize the local industrial segment, but they should not be assumed to represent every MSME sector. Researchers should obtain an updated, clearly defined register from the relevant agency and document the coverage limitations.

A practical policy package could combine (1) baseline assessment of bookkeeping practices, (2) sector-specific SAK EMKM training, (3) low-cost digital templates, (4) periodic mentoring, and (5) ethical-business modules on amanah,

honesty, fairness, and transparency. Program evaluation should measure changes in record completeness, frequency of reporting, ability to prepare financial statements, and observable accountability practices rather than counting attendance alone.

6. Research Limitations and Future Empirical Testing

The present article is a framework-development paper based on literature and official conceptual materials. It does not contain primary survey or interview data from MSMEs in Wajo Regency. Accordingly, it cannot establish the prevalence of SAK EMKM implementation, rank the determinants by strength, or confirm the proposed hypotheses. The discussion identifies theoretically plausible relationships that require local validation.

Future research should collect primary data from a verified sampling frame and may combine questionnaires with observation of bookkeeping documents. A mixed-method design could also explore why owners adopt or avoid formal reporting, how they interpret Sharia accountability, and which forms of mentoring are most effective. Longitudinal research would be useful for determining whether training and digital support lead to sustained changes in accounting practices. Researchers should also test whether the relationships differ by sector, business scale, owner education, and access to external support.

CONCLUSION

This article develops an integrated framework for examining the determinants of SAK EMKM implementation and Sharia accountability principles among MSMEs in Wajo Regency. The literature indicates that accounting knowledge, owner and employee competence, business characteristics, digital accounting capability, and external socialization or mentoring are plausible determinants of standards implementation. Sharia accountability adds an ethical dimension through amanah, shiddiq, ‘adl, transparency, and social responsibility. These principles can be reflected in observable business practices such as honest transaction recording, fulfillment of obligations, fair treatment of stakeholders, and clear communication of financial information.

SAK EMKM and Sharia accountability are complementary but distinct. The former provides a simplified technical framework for financial reporting, while the latter guides the ethical purpose and conduct of business accounting. A combined approach can support more reliable financial information and stronger stakeholder trust, provided that training and technology are adapted to the capabilities of local enterprises. For Wajo Regency, the proposed framework offers a basis for a subsequent field survey and for designing practical MSME development programs.

Because primary data were not available for this manuscript, all proposed determinants and hypotheses remain subject to empirical testing.

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