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INTERPRETING ACCOUNTING FROM THE POINT OF VIEW OF MICRO-SCALE CREATIVE ECONOMY BATIK CRAFTSMEN IN MALANG CITY

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ABSTRACT

This study aims to conduct research on how batik craftsmen in Malang Regency interpret accounting through recording activities in their business. This research was conducted with a qualitative approach which organized in a natural setting, the researcher is acted as an instrument for data collection, used inductive analysis, and focused on meaning. In this study, researchers used an interpretive paradigm.

The phenomenon of accounting practices carried out by batik craftsmen is "simple accounting". The meaning of accounting is revealed that accounting is a bookkeeping that records transactions that occur during the business. Batik craftsmen involved in this research have understood and used accounting in managing their finances, although the accounting applied is not in accordance with accounting principles generally applicable to small businesses. Some of the batik craftsmen admit that there is still a lack of accounting knowledge.

Accounting is interpreted as an acquisition; the profit obtained is a risky that is cleared from God. Batik craftsmen are also honest about the quality of the products are created to make consumers happy and satisfied. The result of the profit is considered as a means of payment such as paying employee salaries, purchasing raw materials, employee bonuses and indirect needs of the business. Profits are also set aside for social funds as gratitude. Both batik craftsmen know that accounting is information that is accounted for both internal and external parties which can be used later for decision makers of a business

KEYWORDS: MSMEs, Meaning of Accounting.

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1. INTRODUCTION

The Indonesian government continues to strive to increase people's income through the development of Micro, Small and Medium Enterprises (MSMEs). However, the increase in MSMEs is not spared from the capital and marketing that MSMEs continue to face (Risty, 2018). The majority of MSME entrepreneurs are unable to provide accounting information related to their business conditions, making this information is more expensive for banks (Baas and Schrooten, 2006). The implementation of accounting books to produce financial statements is difficult for MSMEs. It is due to limited knowledge of accounting bookkeeping, the complexity of the accounting process, and the assumption that financial statements are not important for MSMEs (Jati et.al. 2009).

Many Micro, Small and Medium Enterprises ignore the importance of financial records during a business. MSMEs consider financial information about business to be insignificant so they ignore financial information about their business by practicing accounting, which really helps to make it easier for business actors to see the development of their business. Accounting is one of the tools that can be used for decision making and a record of financial facts on the course of a business.

Currently, Indonesia already has its own standards related to MSMEs, namely SAK EMKM which is officially declared starts on January 1st, 2018. But there are still many creative economy actors who do not understand about financial records, such as assets, capital, and financial statements.

The government of the Cooperatives and MSMEs office said that MSMEs engaged in the creative economy are batik artisans. Batik is one of Indonesia's cultural heritages that almost all regions have batik with its characteristics or distinctive motifs (Estiningtiyas, 2012). Likewise, in Malangan Batik has its own characteristics, Malangan Batik is one of the potentials possessed by Malang city which is being sought to strengthen its identity again. Many varieties of typical Malangan batik that have developed from various regions in Malang Raya, including Druju batik, Celaket batik, Blimbing batik, and others. According to data from the Malang City Cooperatives and MSMEs Office, there were 5,263 MSMEs recorded as of 2019.

It is undeniable that by the development of batik craftsmen, there are weaknesses faced in the aspect of financial management. In their business, batik craftsmen do not attach importance to the financial recording of the business they run. They only use simple record keeping for their business. Batik craftsmen are more concerned by completing production than good financial records and in accordance with applicable financial standards. This is in accordance with the results of preliminary observations and some interviews conducted by researchers with several informants.

The phenomenon that occurs in batik craftsmen must not use good and correct finances, but batik craftsmen are able to develop their business and keep running. In accordance with research conducted by Pinasti (2007) it is motivated by the perception of small entrepreneurs who feel troublesome if they have to use accounting information and most small entrepreneurs do not have expertise in accounting.

Research conducted by (Ediraras, 2010) states that accounting is the key indicator of the performance of every business because the information provided by accounting records is useful in decision making. Accounting has an important role in the success of the business; therefore attention is needed to batik craftsmen. This is interesting fact to explore more deeply, how batik craftsmen interpret accounting in their business. Based on the background that has been described above, where the development of batik craftsmen is getting faster from year to year, even though using very simple accounting. Thus, researchers are interested in conducting research on how batik craftsmen in Malang City interpret accounting through recording activities in their business. As we know that accounting has been interpreted as the process of recording transactions to produce financial information.

2. LITERATURE

2.1 The Decision Usefulness Approach

Scott (2012: 67) explains the concept of Decision Usefulness with the view “if we can't prepare theoretically correct financial statements, at least we can try to make financial statements more useful”. This decision approach bases itself on the use of historical costs. The two main things raised in the use of this approach are who are the users of financial statements and what is the problem solving of the users of financial statements.

Yadiati (2010: 59) mentions that information that is useful for decision usefulness, namely information that is relevant and reliable (relevant and reliable) and can be compared (comparability). But the first quality that must be met is that the information must be understandable and understandability. The information should basically have a higher benefit than the cost of obtaining the information.

2.2 Theoretical Framework: Rational Choice Theory (RCT)

In Indonesian Economy, MSMEs are the Business Groups that have the largest number and are proven to be resistant to various kinds of economic crisis shocks. The criteria for businesses included in micro, small and medium enterprises have been regulated in law. Based on Law No.20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs) it is defined as follows:

- a. Micro-enterprises are productive businesses owned by individuals and / or individual business entities that have micro business criteria as regulated in Law Number 20 of 2008.
- b. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of Medium Enterprises or Large Businesses that meet the criteria for Small Business as referred to in Law Number 20 of 2008.
- c. Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not companies or branches of companies that are owned, controlled, or are part either directly or indirectly with the Business Kecil or Large Business with the amount of net worth or annual sales proceeds as regulated by Law Number 20 of 2008

Based on the number of assets and turnover that have the criteria for Micro, Small and Medium Enterprises (MSMEs) can be classified into 3 types of businesses. The criteria for classifying this type of business can be seen in table 1:

Table 1. MsME criteria based on assets owned

No	Business Type	Criterion	
		Asset	Turnover
1.	MicroEnterprise	Max 50 Million	Max 300 Million
2.	Small Business	>50 million – 500 million	>300 million – 2.5 billion
3.	Medium Enterprises	>500 million – 10 Billion	>2.4 billion – 50 billion

(Source: Law No.02 Article 1 of 2008)

2.3 Literature review

Research conducted by Suwanto (2016) shows that small entrepreneur's view that the accounting process is considered a waste of time and costs as well. Based on the results of his research, accounting is interpreted as information. Business actors can find out how much or proportion they get through the recording activities carried out.

A harmonized research conducted by Arena, et al (2015) shows that accounting in modern business practice is very identical to the numbers – the numbers resulting from this thought the accountability of the figure is set aside and the accounting scandal began mushrooming. The study aims to find the uniqueness of capital or the science of accounting stones in Tanjung Bumi batik, through the meaning of its accounting model by photographing the cultural side of the context of business actors. In this study, it used ethnographic perspectives and associate with the religious of the surrounding environment.

3. RESEARCH METHODS

The approach taken in this study is qualitative. The research approach used is phenomenology. The approach aims to understand the response to human existence / society, as well as the experiences gained during the interaction. The method used in the phenomenological approach consists of the stages of intuition, analysis and description and the overall result is in the form of a phenomenological description.

The difference between this research and the previous research is that in this study, it is not only examines the meaning of profit, but focuses on researching how batik artisans interpret the practice of accounting in its undertaking. In addition, this research was taken in areas that develop local culture to increase people's income. In-depth research was carried out with batik artisans who did not record but whose business was quite developed.

Based on the explanation above, the researcher chose phenomenology as an approach that examines a certain phenomenon from the participant's point of view. This study is intended to understand the meaning of participants' experiences of a phenomenon in batik craftsmen. The researcher hopes that with phenomenology researchers can understand how the meaning and symbol of an understanding of batik craftsmen.

The selection of such subjects is adjusted to certain criteria that are applied based on the objectives of the study. In this study, several criteria were used as a consideration that the object chosen was in accordance with the research objectives, namely:

1. The selection is carried out in accordance with the data of batik craftsmen and recommendations from the MSME Office in the field of batik which supports research.
2. Batik craftsmen registered with the Office of Cooperatives and Micro and Medium Enterprises (MSMEs) in Malang City.
3. Have a turnover of Rp.10.000.000 – Rp. 25.000.000/ Month.
4. Willing to be voluntary informant and taking an active role in providing information during the research activities.
5. The business has been established at least 5 years

In accordance with the criteria above, the researcher took two superior batik craftsmen in Malang City, especially in Kedung Kandang District which were used as research subjects, namely

1. Batik Buring Organik, which is located on JL. Maj. Gen. Sungkono gang III no. 60, Buring Kec.Kedung Kandang, Malang City with the owner named Rahmi Masita Prihaningtyas mother
2. Batik Reramban Eco print. With the address at Perum Oma View Atas Malang, Jl. Band.Abdul Rahman Saleh, Cemoro Kandang, Kec. Kedungkandang Malang City with its owner Mrs. Evi Kurniawati.

The method in collecting data in a qualitative research is naturally flexible, which can be adjusted to the problem under study, the purpose of the research, and the nature of the object under study because qualitative research is open and flexible. In this study, to obtain more in-depth data, you can use other techniques such as observation or documentation.

Based on the phenomenological characteristics the researcher felt that phenomenology was appropriate to be used as a methodology in this study. Data analysis based on Moustakas (1994) has modified Van Kaam's analysis method as follows:

1. *Listing and preliminary grouping*
2. *Reduction and elimination*
3. *Clustering and Thematizing the Invariant*
4. *Final Identification of the Invariant Constituents and Themes by Application Constituents*
5. *Individual textural Description*
6. *Individual structural description*
7. *Construct for each research participants textural-structural description*

In qualitative research, the validity of data is an indispensable thing. Since it is to ensure that the data obtained by the researcher is valid or can be accounted for. Checking the validity of the data in this research is using triangulation of data sources and triangulation methods.

4. RESULTS AND DISCUSSION

Batik is one of the cultural heritages that has always been the pride of every region and each region has its own characteristics. One of them is Malang City, which continues to increase batik productivity as a support for tourism and to increase the economy of Malang community, especially batik craftsmen. Batik craftsmen are not only producing batik fabrics but also manage it with their creativity into goods with beneficial value.

A. Business Overview

1. Organic Batik Buring

From the perspective of business, Msme Batik is a type of business that is an Indonesian cultural heritage which is in demand and has a large market share. As a typical of Indonesians, batik cloth has its own variety of specificities as stated by Batik Buring organic. The reason why is it said to be organic because the material used as a dye is a natural dye from several kinds of wood, such as tegeran wood, secang, mahogany, root holiness, jalawedan indigo pera which has been extracted first. It is good because people no need to worry about environmental pollution. This type of business has been engaged in by Mrs. Rahmi Masita since starting in 2004. Supported by a total of 5 employees, they are able to produce 4-5 pieces of cloth each day. The turnover that has been achieved is approximately 100,000,000 per year. The price of Buring Batik ranges from IDR300,000 to IDR10,000,000. This product can be categorized as superior because of the quality of their fabrics, they also have a target market share of the upper middle class, various exhibitions and batik events were also widely followed. The latest one was in 2014 and then they were also invited to collaborate with the world's fashion brand, hermes, for a marketplace session in Paris.



Figure 1. With the owner at home Production and manufacture of Organic Buring batik

2. Batik Reramban Eco Print

Starting from the use of leaves around the house, Evi Kurniati uses this foliage as a unique and environmentally friendly product. Reramban presents a variety of ready-to-wear clothing collections and eco print fabrics and there are wallets and unique reramban bags. Supported by 5 workers and a considerable turnover in the third year of existence in the world of the MSME industry, Reramban was able to achieve a turnover of 50,000,000 per year. This thing can be said wow... as a new MSME actor, Reramban also often participates in events and exhibitions. Recently met by surveyors, Reramban is also participating in an exhibition in Malang town Square. It can be said that the product is categorized as superior because it has own distinctiveness and it is able to compete with other businesses and has a considerable turnover in its business although it is still new.



Figure 2. Reramban Eco Print Batik Products, Not Only Fabrics, there are bags, Shoes and also Batik Clothes.

B. Research Findings

1. Meaning of Accounting

Based on the results of the research that became the benchmark, namely "Simple accounting", the craftsmen interpreted that simple accounting that was underway in their business. Accounting practices in the creative economy for those two batik craftsmen are not in accordance with predetermined standards. Some batik craftsmen in Malang have educational backgrounds that are not high enough. Although his business is classified as a business that has experienced very rapid development, the educational background is only in Vocational High Schools (SMK). Therefore, the financial records carried out are relatively simple. Suhairi (2004) argues that the weakness of MSMEs in the preparation of financial statements is due to low education, lack of understanding of Financial Accounting (SAK) standards, and training in preparing financial statements.

Though its application in daily activities, they claim to be more self-taught. Simple accounting records are often done but still not in accordance with the existing accounting knowledge. Based on information from research that batik craftsmen understand accounting is bookkeeping in which

there are recording activities. Informants have a good understanding of the concept of bookkeeping, namely a recording activity. However, ignorance of accounting theoretically gives the assumption that bookkeeping is the same as accounting. If it is reviewed, bookkeeping is one of the processes in accounting.

Although all informants are aware of accounting as bookkeeping, researchers catch that the accounting recording process carried out by batik craftsmen has been carried out, but it is still not in accordance with existing accounting. Craftsmen avoid applying accounting in their business, but researchers catch a phenomenon that is not realized. Even though they do recording without accurate calculations, batik craftsmen are able to survive even years with fairly large results for the size of the creative economy.

Batik craftsmen here do not know whether it is SAK EMKM. Even without using appropriate accounting, batik craftsmen are able to maintain their business until now even for years with fairly large results. The application of accounting in accordance with predetermined standards is also limited to because of the perception of business owners because accounting is complicated. In line with research conducted by Suwanto (2016) shows that small entrepreneurs consider that the accounting process is considered a waste of time and costs.

From the direct explanations of the informants, researchers consider the accounting they believe in to be due to their difficulty in managing financial statements. The main basis for them believes that the plot is due to complicated business conditions. It is not possible to make a report as it should be. Accounting poses whose flow is in bookkeeping. All restrictions for production, up to the separation of capital and profits, use a calculation system in a separate way for each batik business. No special records were implemented, they thought it was important for the road business and they could still pay employees without capital difficulties. So that the accounting of flowing like water remains believed and applied until now.

2. Accounting Practices in Batik Craftsmen

In the accounting practice applied by these two batik craftsmen, there are differences in each place studies. Although in the recording there are still some shortcomings from an accounting point of view, the recording is considered sufficient for batik craftsmen in running their business. Financial bookkeeping is done very simply; this is done only recording sales, containing cash income for sales, receivables and proof of transactions.

Most batik craftsmen only record the amount of money received and issued, the number of goods bought and sold, and the number of receivables or debts. However, the bookkeeping is not in the format desired by the banks (Jati et.al. 2009). Hiring someone specifically to do accounting bookkeeping and preparing financial statements is still unrealistic for many MSMEs because it will increase expenses to pay salaries from these accounting personnel (Kurniawansyah, 2016).

The results of this study are in accordance with The Research of Nursetto (2004) Related to financial and bookkeeping problems, MSME entrepreneurs in general they do not master and do not practice an adequate financial system. In general, small businesses do not or do not have the

knowledge and ability to manage accounting records strictly and disciplined with regular bookkeeping, both in the form of daily, weekly, monthly, and so on, so that many of them have not understand the importance of recording and bookkeeping for business continuity.

The remaining business results or profits obtained remain the right of the company so that the owner does not know the exact profit because the results obtained are always rotated to be used to meet the daily operations of the company. If there is excess profit, it will be used for business expansion.

The owner never clearly calculates the profit as long as the company's production process runs smoothly. Batik craftsmen are much concerned about the application of good and correct accounting. The advantage that has always been identical with its physical form in the form of money has shifted the true meaning of profit. The results of this effort are used for business development by making new breakthroughs which of course continue to market the batik produced by his business. Not all batik craftsman business owners determine the cost of goods sold in accordance with the rules of pricing. Batik craftsmen follow the prevailing market prices. Although each owner of batik crafts has a different way of determining. Because for batik craftsmen, the value of art is expensive so what can determine every batik sale is the owner of batik.

Batik craftsmen always use market developments where the price is in the market. So that it remains able to compete in market developments. The pricing of batik products is carried out in accordance with the difficulties in making motifs and materials used for the batik making process. Every batik craftsman has a motif that has always been his superior motif.

The assessment carried out by several batik craftsmen is based on the difficulty of the work done and the tenacity in producing products. Because batik craftsmen consider that everyone's skills are different. They have various speed and accuracy in producing products. The provision of incentives to the employees based on the results of information from batik craftsmen is the provision of breakfast, lunch, and afternoon meals as well as the provision of bonuses or holiday allowances. In terms of the provision of food, it is not included in the financial records of batik craftsmen's business. For intensive provision in the form of holiday allowances, the same as feeding is not in the financial records of the business and is not carried out based on any considerations. The giving is carried out based on the cultural values that exist in the community as an appreciation for collaborating in developing their business. Similar research conducted by Purbaningtyas (2014) that cultural characteristics, values, and meanings are factors that influence accounting practices.

Profit is interpreted as sincerity. A sense of sincerity is a form of worship to God because it gives up wholeheartedly for what is done. Based on informants that believing in sustenance comes from God, honest and optimistic, and prioritizing product quality. The business orientation run by batik craftsmen here is not only focused on profit but also on socially oriented. All ongoing efforts must be balanced where the sustenance given comes from God. Every business must maintain good relations with the internal and external business environment.

3. Accounting as a basis for Decision Making

The study found that information is used by owners in decision-making. This means that the records made will give the owner an idea of the tasks assigned to the employee and finally make his business decision based on the existing records. It means that accounting as a calculation (a basis for decision making).

Although the reporting presented is not like financial statements, recording existing transactions supported by notes is important information for batik handicraft business owners where this can be used for subsequent decision making. Records made by employees who are given accountability which describes the state of the batik business both the production process and the seller of the product. As the owner can see what alternatives will later be taken for the next batik business? The information generated by accounting is useful in decision making, that is, in terms of the basis of considerations in the purchase of raw materials for production and the means of production to be used, decisions regarding prices, applying for financing to banks, for development and development of human resources.

In accordance to research conducted by Suwanto (2015) that accounting as a calculation (basis for decision making) the decisions referred to records that are carried out every day, the owner determine/make a decision on how much merchandise the merchant will carry. Similar research conducted by Zuhdi (2011) that accounting information is a record in any form and format used to express the economic activity of an organization. Accounting information can be interpreted as financial information about economic activity. Accounting information here relates to accounting data on transactions that occur in business activities. Accounting information can be a reliable basis for taking economic satisfaction in the management of small businesses, including market development and pricing decisions and others (Suwanto, 2016)

Understanding accounting in the context of decision making is an important study. Batik craftsmen revealed that accounting is beneficial for business management, although so far, the understanding of accounting is still minimal. Satrio batik craftsmen mentioned the perceived accounting benefits, namely to find out the level of profit and also to find out how many sales of products sold and how they were during the production. Batik craftsmen revealed the benefits of accounting practices as a tool to check the amount of income and expenses that occurred in a certain period, which were then specifically used for determining product prices, to find out the level of sales, and to find out expenses for purchasing production materials.

In both objects under study stated that accounting is important in an undertaking. The batik craftsmen already understand the accounting process. But it depends on human resources owned by batik craftsmen in practicing accounting in their business. Based on the description above, it can be concluded that the three batik craftsmen know that accounting is information that is accountable to both internal and external parties which later can be used for takers decision of an undertaking. Batik craftsmen are aware of the importance of having accounting in business continuity by recording accounting can make it easier for batik craftsmen to make decisions for a business. Taking alternatives that can be used for future planning in business development. Besides, it can be used to find out how the gains or losses in the batik business are.

5. CONCLUSION AND RECOMMENDATIONS

Based on the results of research conducted on two batik artisans in Malang City, it can be concluded that:

1. Batik craftsmen involved in this research have understood and used accounting in managing their finances, although the accounting applied is not in accordance with accounting principles generally applicable to small businesses. Some of the batik craftsmen admit that there is still a lack of accounting knowledge.
2. Batik craftsmen interpret accounting as interaction between people who communicate numbers to obtain the information that a business wants.
3. Accounting is interpreted as an acquisition; the profit obtained is a gift that is given from God. Batik craftsmen are also honest about the quality of the products which produced to make consumers happy and satisfied. The resulting profit is considered as a means of payment such as paying employee salaries, purchasing raw materials, employee bonuses and indirect needs of the business. Profits are also set aside for social funds as gratitude.
4. The two batik craftsmen know that accounting is information that is accounted for both internal and external parties which can later be used for decision makers of a business. Batik craftsmen are aware of the importance of accounting in business continuity by recording accounting can make it easier for batik craftsmen to make decisions for a business. Taking alternatives that can be used for future planning in business continuity. Besides, it can be used to find out how the gains or losses in the batik business are.

6. SUGGESTION

1. For batik craftsmen: They can carry out accounting practices correctly in accordance with applicable financial standards so that the business can continue to grow. It is done by increasing accounting knowledge which will later produce financial statements.
2. For subsequent researchers: Research informants should also involve micro-entrepreneurs who are in contact with outside parties who provide credit, such as banks. This involvement is more representative to the relationship between accounting and the sustainability of a business.
3. For the government: it is hoped that with the creative economy development program, the government will provide easy accounting practice training so that slowly batik craftsmen will get used to apply the accounting practices that have been provided. There is a essential for sustainability training and socialization of financial standards that apply to MSMEs

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