



SIMPOSIUM ILMIAH AKUNTANSI 6

ANALYSIS OF UNDERSTANDING AND APPLICATION OF ACCOUNTING SCIENCE IN IMPROVING BUSINESS QUALITY FOR UMKM AYAM PENYET ACTORS

Agistya Zahwa Ardhana¹, Purwita Sari²

Department of Accounting, Potensi Utama University, Indonesia

ARTICLE INFO

Article history:

Received:

Revised:

Accepted:

Keywords:

Understanding accounting

Application of accounting
business quality

This is an open-access article
under the [CC BY](#) license.



ABSTRACT

This research aims to analyze the understanding and application of accounting knowledge, accounting principles, and the quality of the chicken setter MSME business. Using a qualitative approach with a case study method, this research explores the experiences and perspectives of penyet chicken MSMEs regarding the accounting practices they apply. The results of the research show that the understanding and application of accounting knowledge among SMEs in penyet chicken still needs to be improved. Although most MSMEs understand basic accounting concepts such as income and expenses, their understanding of more complex accounting principles, such as accruals, depreciation and inventories, is still limited. This is caused by several factors, including: limited resources, lack of accounting training and education, and lack of awareness of the importance of accounting in improving business quality. This research also shows that there is a positive correlation between the implementation of good accounting and financial performance and business quality. MSMEs who are able to apply better accounting principles tend to have better financial performance and are able to make more appropriate business decisions. This research provides recommendations for improving the understanding and application of accounting knowledge among penyet chicken MSMEs, including more structured accounting training, easier access to accounting software, and intensive accounting mentoring programs.

Corresponding Author:

Agistya Zahwa Ardhana, Purwita Sari
Potensi Utama University

JL. KL. Yos Sudarso Km. 6,5 No. 3-A, Tanjung Mulia, Tj. Mulia, Medan

Agistya111@gmail.com, spurwitha@gmail.com

INTRODUCTION

The growth of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia plays an important role in the national economy. In general, MSMEs are productive businesses that have a relatively small scale when compared to large businesses. Their size is determined based on several criteria, especially assets and turnover, the limits of which are set by the government of each country or region. MSMEs are usually owned and managed by individuals, families, or small groups, and play an important role in the economy because they absorb a lot of labor and contribute to GDP. MSMEs contribute a large portion of employment and gross domestic product (GDP). However, many MSMEs still face various obstacles in developing their businesses, one of which is less than optimal financial management. Limited understanding and application of accounting knowledge is one of the contributing factors. This condition is increasingly felt in MSMEs in the culinary sector, such as MSMEs of smashed chicken which are often managed informally with simple financial records or even no records at all.

The importance of accounting in improving business quality has been widely studied. Good accounting not only produces accurate financial reports, but also provides the information needed for effective and efficient decision making. This information includes sales data,

production costs, profit and loss, cash flow, and other financial ratios. With adequate information, business actors can monitor business performance, identify problems, and formulate strategies to improve profitability and business sustainability.

However, the implementation of accounting in MSMEs is often faced with various challenges. Limited human resources (HR) who are skilled in accounting, lack of access to training and mentoring, and difficulty in understanding and applying complex accounting principles are the main obstacles. This causes many MSME actors to rely on a simple and less structured financial recording system, so that the resulting financial information is less accurate and reliable.

This study focuses on MSMEs of crushed chicken because this sector has great potential but is also vulnerable to financial management problems. High competition and fluctuations in raw material prices require business actors to have a good understanding and application of accounting in order to survive and grow. An interesting phenomenon in this study is the lack of understanding and application of accounting knowledge among MSMEs of crushed chicken, which results in less than optimal financial management and has a negative impact on business quality. The lack of understanding of MSME actors is because the educational background of MSME actors is not yet based on accounting education. In addition, MSME actors also do not understand how to make their business management plans. By understanding how the understanding and application of accounting affects the quality of MSME businesses of crushed chicken, this study is expected to contribute to the development of strategies to increase the capacity of MSMEs in the culinary sector.

Therefore, this study aims to analyze the understanding and application of accounting science in improving business quality for UMKM ayam penyet actors. This study will examine the extent to which UMKM ayam penyet actors understand and apply accounting principles, and how this impacts various aspects of business quality, such as profitability, liquidity, operational efficiency, and business sustainability. The results of this study are expected to provide useful recommendations for the government, training institutions, and UMKM ayam penyet actors themselves in an effort to improve business quality and competitiveness in an increasingly competitive market. This study is also expected to contribute to the development of accounting theory, especially in the context of UMKM in Indonesia.

ACCOUNTING SCIENCE

Understanding Accounting

Application of Accounting

LITERATURE REVIEW

1. Definition and Characteristics of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the economy of many countries, including Indonesia. This sector plays a crucial role in absorbing labor, increasing per capita income, and overall economic growth. However, the definition of MSMEs is not uniform globally, even within a single country there are variations in definition based on applicable government regulations and policies. This definition is generally based on several criteria, the most common of which are:

- **Assets:** The total value of assets owned by the business, including land, buildings, equipment, and working capital. This asset limit distinguishes micro, small, and medium businesses, with micro businesses having the lowest assets, followed by small businesses, and then medium businesses.
 - **Turnover (Revenue):** Total sales or service revenue generated in a certain period (e.g., yearly). Similar to assets, turnover limits are also used to differentiate the classification of MSMEs.
-

- **Number of Employees:** The number of workers employed by the business. Micro businesses generally employ a few employees, while medium businesses employ a larger number of employees.

In Indonesia, for example, Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs) provides a definition and classification criteria for MSMEs, but this definition can be revised and adjusted over time. (Source: Law Number 20 of 2008 concerning MSMEs and its derivative regulations). Other countries also have different definitions and criteria, often adjusted to the economic and social context of each country.

More detailed characteristics of MSMEs include:

- **Simple Ownership and Management Structure:** MSMEs are often owned and managed directly by the owner or family, with a relatively simple and informal organizational structure. This is in contrast to large businesses that have more complex and hierarchical organizational structures.
- **Limited Access to Resources:** MSMEs often face constraints in access to capital, technology, and market information. They often rely on their own capital, loans from family or friends, or microloans from financial institutions. Access to information and communication technology (ICT) is also often limited, which can hinder efficiency and competitiveness.
- **Local Market Orientation:** Most MSMEs focus on the local market, although some are able to penetrate regional or international markets. Their marketing strategies are often simpler and rely on personal relationships with customers.
- **Resilience and Adaptability:** Despite facing various challenges, MSMEs demonstrate high resilience and adaptability to changing economic and market conditions. They are often able to innovate and create products or services that suit local market needs.

2. Accounting Principles in Business

Accounting is a vital information system for the sustainability and development of a business. This system not only records financial transactions, but also processes, analyzes, and presents relevant financial information for decision making. The application of consistent and appropriate accounting principles is essential to produce accurate, reliable, and trustworthy financial reports. Generally recognized accounting principles (generally referring to accounting standards such as PSAK in Indonesia or IFRS internationally) include:

- ✓ **Business Entity Principle:** Business transactions are clearly separated from the personal transactions of the business owner. This ensures that financial statements reflect the performance of the business alone, not the personal wealth of the owner.
- ✓ **Going Concern Principle:** The assumption that a business will continue to operate for the foreseeable future. This principle affects the method of valuing assets and liabilities, as well as recognizing revenues and expenses.
- ✓ **Time Period Principle:** Business activities are divided into specific accounting periods (e.g., monthly, quarterly, annually) to facilitate reporting and performance analysis.
- ✓ **Measurement Principle:** Determining the value of transactions and assets based on certain principles, such as historical cost or fair value. The choice of valuation method must be consistent and clearly disclosed.

- ✓ Accrual Principle: Revenue and expenses are recognized when they occur, regardless of when cash is received or paid. This produces a more accurate picture of financial performance compared to the cash method.
- ✓ Matching Principle: Expenses are linked to revenues generated in the same period. This ensures that the income statement reflects proper performance.
- ✓ Full Disclosure Principle: All material information relevant to decision making should be disclosed in the financial statements. This ensures transparency and accountability.
- ✓ Materiality Principle: Only material information needs to be disclosed. Immaterial information can be omitted to simplify the financial statements.
- ✓ Consistency Principle: The accounting methods used must be consistent from period to period to facilitate comparison of performance. Changes in accounting methods must be disclosed and explained.

3. Challenges and Obstacles to Implementing Accounting in MSMEs

Despite the importance of accounting, many MSMEs face obstacles in its implementation. These obstacles can be categorized into several factors:

- Resource Factors: Limited capital, access to technology (accounting software), and accounting expertise are major barriers. Many MSMEs operate with minimal resources and rely on manual record-keeping that is prone to errors.
- Skill and Understanding Factor: Lack of knowledge and understanding of accounting principles and proper recording techniques leads to errors in financial recording and reporting. MSME owners often focus more on business operations than financial management.
- Time and Motivation Factors: The busyness of managing business operations often leaves MSME owners with less time and motivation to record and report their finances regularly and accurately.
- Complexity and Regulation Factors: Accounting systems that are considered complicated and complex tax bureaucracy can be an additional burden for MSMEs. Lack of understanding of tax regulations can also lead to errors and sanctions.
- Cultural and Behavioral Factors: Some MSME owners have a less orderly business culture in terms of administration and financial recording. Lack of awareness of the importance of accounting is also an inhibiting factor.

4. Relationship between Business Quality and Accounting

Good and orderly accounting is the key to improving the quality of MSME businesses. Accurate and timely financial information provides several crucial benefits:

- Better Decision Making: Accurate financial data enables MSME owners to monitor business performance, identify areas for improvement, and make informed strategic decisions, such as pricing, inventory management, and investment planning.
 - Effective Financial Planning: Accounting helps in preparing budgets, predicting cash flows, and managing finances efficiently. This is essential to ensure business continuity and prevent financial problems.
-

- Improved Access to Financing: Good and accurate financial reports increase the credibility of MSMEs in the eyes of financial institutions and investors. This facilitates access to loans and investments for business development.
- Improved Operational Efficiency: By analyzing financial data, MSMEs can identify areas of inefficiency and take steps to increase productivity and reduce costs.
- Increased Competitiveness: Good accounting demonstrates professionalism and transparency, which can increase the trust of customers, suppliers, and business partners. This ultimately increases the competitiveness of MSMEs in the market.
- Risk Control: Accounting helps in identifying and managing financial risks, such as bad debts, operational losses, and liquidity problems.

RESEARCH METHODS

The research method in this article uses a qualitative approach with a case study design. Qualitative research was chosen because it allows for a deeper exploration of the understanding and application of accounting science by UMKM ayam penyet actors, as well as the context and factors that influence it. The case study was chosen because it focuses on understanding the specific context of several UMKM ayam penyet actors, allowing for a more detailed and information-rich analysis.

The following is a more detailed description of the research method:

1. Type of Research:

This research is qualitative in nature which aims to describe systematically, factually, and accurately the facts and characteristics of the research subjects (in this case, the understanding and application of accounting by UMKM ayam penyet actors). This research does not aim to test the hypothesis, but rather to understand the phenomenon being studied in depth.

2. Location and Subject of Research:

The research was conducted at JL. Tanjung Mulia Hilir, Medan Deli District, Medan City, North Sumatra. The subjects of the research were UMKM actors of smashed chicken selected by purposive sampling. The selection of subjects was based on certain criteria, for example:

- Ayam penyet UMKM that has been operating for at least 2 years
- UMKM penyet chicken which has a micro business scale
- Egg-laying chicken SMEs who are willing to participate in research and provide the required information.

3. Data Collection Techniques:

Data collection was carried out using several techniques, namely:

- In-depth Interview: Interviews were conducted with selected chicken penyet UMKM actors to explore information about their understanding of accounting science, the financial recording and reporting practices they implement, and the obstacles they face. Interview guidelines will be prepared systematically to ensure consistency and depth of information obtained.

- Participant Observation: The researcher will conduct direct observation at the location of the UMKM ayam penyet business to observe the practice of recording and financial management directly. This observation will complement the data obtained from the interview.
- Document Review: The researcher will analyze the financial documents of the laying hen UMKM, such as cash books, ledgers, financial reports (if any), and other transaction evidence. This document analysis will provide an overview of the actual accounting practices applied.

4. Data Analysis Techniques: Interviews and Observations

In this article, the data analysis techniques used are in-depth interviews and participant observation. This choice is based on the need to explore the understanding and application of accounting science by UMKM ayam penyet actors in depth, as well as understanding the context and factors that influence it. The following is a more detailed explanation of the two analysis techniques:

1. In-depth Interview

In-depth interviews are a qualitative data collection technique that allows researchers to dig up in-depth information from informants. In the context of this study, in-depth interviews were conducted with selected chicken penyet UMKM actors to gain a better understanding of:

- Understanding of accounting science: Researchers will explore how MSME actors understand basic accounting concepts, such as income, expenses, assets, liabilities, and capital. Researchers will also ask about their understanding of more complex accounting principles, such as accrual, depreciation, and inventory.
- Financial recording and reporting practices: Researchers will ask how MSMEs record financial transactions, such as sales, purchases, and expenses. Researchers will also ask about the recording methods used (manual, spreadsheet, accounting software), and whether they produce financial reports periodically.
- Obstacles faced: Researchers will ask about the obstacles faced by MSME actors in implementing accounting knowledge, such as limited resources, lack of knowledge, lack of time, or difficulty in understanding tax regulations.

Advantages of In-depth Interviews:

- Obtaining in-depth information: In-depth interviews allow researchers to dig up more detailed and complex information compared to other data collection techniques.
- Understanding informant perspectives: In-depth interviews help researchers understand informants' perspectives and experiences directly.
- Exploring unexpected issues: In-depth interviews allow researchers to explore unexpected issues that may not emerge in other data collection techniques.

In-depth Interview Process:

- Preparation: The researcher will develop a systematic interview guideline to ensure consistency and depth of information obtained. The interview guideline will include questions that are relevant to the research objectives.

- Implementation: Interviews are conducted face-to-face with informants. Researchers will create a comfortable and conducive atmosphere to build trust and encourage informants to share information honestly.
- Transcription: interviews were transcribed into text to facilitate analysis.
- Analysis: Data obtained from interview transcriptions were analyzed using qualitative data analysis techniques.

2. Participant Observation

Participant observation is a qualitative data collection technique that allows researchers to observe and participate in the activities being studied. In the context of this study, participant observation will be conducted at the location of the UMKM ayam penyet business to:

- Observing financial recording and management practices directly: Researchers will observe how MSMEs record financial transactions, such as sales, purchases, and expenses. Researchers will also observe how they manage cash, inventory, and receivables.
- Understand the operational context of the business: Researchers will observe how MSMEs run their businesses as a whole, including production, marketing, and customer service processes. This information will help researchers understand how accounting practices are integrated into business operations.
- Identifying factors that influence accounting implementation: Researchers will observe factors that may influence accounting implementation, such as resource constraints, lack of knowledge, or competitive pressures.

Advantages of Participant Observation:

- Understanding the context directly: Participant observation allows researchers to observe and understand the context directly, without relying on information provided by informants.
- Identifying unspoken behaviors: Participant observation helps researchers identify unspoken or unconscious behaviors of informants, which may not emerge in interviews.
- Building trust: Active participation of researchers in the activities being researched can build trust with informants and make it easier for researchers to obtain more honest information.

Participant Observation Process:

- Preparation: The researcher will determine the focus of the observation and prepare observation guidelines to ensure consistency and depth of the information obtained. The observation guidelines will include things to be observed, such as recording practices, financial management, operational activities, and factors that may affect the implementation of accounting.
- Implementation: Researchers will conduct observations at the location of the smashed chicken UMKM business, participate in the activities being observed, and record all relevant information.

- Observation Notes: The researcher will record all observed information in observation notes, including descriptions of activities, informant behavior, and factors that may influence accounting implementation.

- Analysis: Data obtained from observation notes were analyzed using qualitative data analysis techniques.

Integration of Interviews and Observations:

In-depth interviews and participant observation complement each other. In-depth interviews help researchers to obtain more detailed and in-depth information from informants, while participant observation helps researchers to understand the context directly and identify unspoken behaviors. By combining these two techniques, researchers can obtain richer and more comprehensive data to answer research questions.

RESULTS AND DISCUSSION

Based on a qualitative research method with a case study approach that has been carried out on two MSMEs of smashed chicken in JL. Tanjung Mulia Hilir, Medan Deli District, Medan City, North Sumatra, the research results show several important findings related to the understanding and application of accounting science, as well as its influence on business quality.

Research result:

1. Understanding of Accounting Science:

- a. Level of Understanding: The interview results showed that there were similarities in the level of understanding of accounting science between the two UMKM chicken penyet actors. Both UMKM actors only understood basic accounting concepts such as income and expenses, but they did not have an understanding of more complex accounting principles, such as accrual, depreciation, and inventory, which were still limited.
- b. Accounting Information Sources: The most commonly used accounting information sources are personal experience and informal information from fellow business people. Their lack of knowledge regarding accounting understanding causes them not to apply accounting knowledge to their business.
- c. Recording Method: Most MSMEs still use manual recording methods, such as simple cash books. They have not used accounting software or professional accounting services.
- d. Interview questions for MSME actors regarding accounting understanding:

1) "How do you record your daily business income and expenses?"

I record income and expenses in a simple notebook. Every day, I record how many chicken penyet are sold and how much it costs to buy raw materials, pay employees, and so on.

2) "Do you understand basic accounting concepts such as assets, liabilities, and equity?"

To be honest, I don't really understand these concepts. I only know that assets are things owned by the business, liabilities are debts, and capital is the money I invest in the business.

3) "Have you ever had any training or education in accounting?"

I have never had any training or education about accounting. I learned about accounting from experience and information from fellow business people, and my friends.

2. Application of Accounting Science:

- a. Recording Practices: The financial recording practices carried out are still simple and do not fully follow standard accounting principles. Both UMKM actors only record cash income and expenses, without considering the accrual principle. For example, recording income is only done when money is received, without taking into account receivables.
- b. Use of Financial Reports: Both SMEs do not produce periodic financial reports. They only use simple financial records to monitor cash flow.
- c. Decision Making: Most business decisions are still based on intuition and personal experience, without being supported by accurate and structured financial data.
- d. Interview questions for MSME actors regarding accounting implementation:

1) "Do you use accounting software or the services of a professional accountant?"

I have never used accounting software or a professional accountant. I feel a simple notebook is enough to record my business finances.

2) "How do you manage raw material and finished product inventory?"

I usually buy enough raw materials for daily needs. I don't have a special system for managing inventory.

3) "Do you produce financial reports periodically? If so, what do they look like?"

I don't produce financial reports periodically. I just look at my financial records to see how much profit I make each month.

3. Application of Accounting in Improving Business Quality:

- a. Financial Performance: There is a correlation between the implementation of good accounting and the financial performance of MSMEs of smashed chicken. MSMEs that implement better accounting tend to have better financial performance, indicated by increased profitability and operational efficiency.
- b. Decision Making: Good accounting implementation helps MSMEs in making more precise and measurable decisions, thereby increasing business efficiency and productivity.
- c. Access to Financing: MSMEs who have good and structured financial records tend to have easier access to financing from financial institutions.

- d. Interview questions for MSME actors regarding the application of accounting in improving business quality:

- 1) "How do you use financial information to make business decisions?"

I use financial information to know how much profit I have made and how much expenses I have incurred. This information helps me determine selling prices and manage expenses.

- 2) "Do you feel that implementing good accounting can improve the profitability and efficiency of your business?"

I think good accounting practices can help improve business profitability and efficiency. However, I don't know how to implement them properly.

- 3) "Are you having difficulty accessing financing from financial institutions?"

Yes, I have had difficulty accessing financing from financial institutions. They ask for complete and structured financial reports, while I only have simple financial records.

- 4) "What are the obstacles you face in implementing accounting in your business?"

The main obstacles I faced were lack of knowledge about accounting and lack of time to learn and apply it. I also did not have access to accounting software or professional accounting services.

Discussion:

The research findings show that the understanding and application of accounting science among UMKM ayam penyet actors still need to be improved. The low understanding and application of accounting has an impact on the quality of decision making and business financial performance. This is caused by several factors, including: limited resources, lack of accounting training and education, and lack of awareness of the importance of accounting in improving business quality.

1. Gaps in Understanding and Implementation of Accounting:

The research findings show that the understanding of accounting among UMKM ayam penyet actors is still at a basic level. They generally understand simple concepts such as income and expenses, but their understanding of more complex accounting principles, such as accrual, depreciation, and inventory, is still limited.

This gap can be explained by several factors:

- **Limited Resources:** Ayam penyet SMEs often operate with limited resources, both in terms of capital, access to technology, and accounting expertise. Limited capital makes it difficult for them to purchase accounting software or use the services of professional accountants. Access to information and communication technology (ICT) is also limited, which can hinder efficiency and competitiveness.
- **Lack of Accounting Training and Education:** Their lack of knowledge regarding accounting understanding causes them not to apply accounting knowledge to their businesses. MSMEs often rely on personal experience and informal information from

fellow business actors as sources of accounting information. The lack of access to structured accounting training and education makes it difficult for them to improve their understanding and skills in accounting.

- **Lack of Awareness of the Importance of Accounting:** Many MSMEs are not yet aware that accounting can help them monitor business performance, identify problems, and formulate strategies to improve profitability and business sustainability. This lack of awareness makes them less motivated to learn and apply accounting properly.

2. Negative Impacts of Accounting Gaps:

The gap in understanding and application of accounting has a significant negative impact on the quality of MSMEs of crushed chicken businesses.

- **Decision-Making Quality:** Without accurate and structured financial information, MSMEs have difficulty making the right business decisions. Decisions taken are often based on intuition and personal experience, which can lead to mistakes in determining selling prices, managing inventory, and planning investments.
- **Financial Performance:** Simple and inaccurate financial recording practices result in unreliable financial reports. This makes it difficult for MSMEs to monitor their business financial performance, identify inefficient areas, and take steps to improve profitability.
- **Access to Finance:** Inaccurate and unstructured financial reports are the main obstacles in accessing finance from financial institutions. Financial institutions require reliable financial data to assess the credibility and ability of MSMEs to repay loans. Lack of access to finance can hinder business growth and development.

3. Positive Relationship between Accounting and Business Quality:

Despite facing various obstacles, this study also shows a positive correlation between good accounting implementation and financial performance and business quality. MSMEs that are able to apply better accounting principles tend to have better financial performance and are able to make more appropriate business decisions.

Some examples of the benefits of implementing good accounting:

- **Increased Profitability:** Good accounting helps in controlling costs, improving operational efficiency, and determining the right selling price, thereby increasing the profitability of the business.
- **More Informed Decision Making:** Accurate financial data enables MSMEs to monitor business performance, identify areas for improvement, and make informed strategic decisions, such as pricing, inventory management, and investment planning.
- **Improved Access to Financing:** Good and accurate financial reports increase the credibility of MSMEs in the eyes of financial institutions and investors. This facilitates access to loans and investments for business development.

4. Recommendations for Improving Accounting Implementation:

Based on the research findings, several recommendations can be put forward to improve the understanding and application of accounting among MSMEs of smashed chicken:

- **Structured Accounting Training and Education:** The government, training institutions, and related organizations need to provide structured and easily accessible accounting training and education programs for MSMEs. Training programs must be tailored to the needs and abilities of MSMEs, and use effective and attractive methods.

- **Easier Access to Accounting Software:** The government and related institutions can provide subsidies or incentives for MSMEs to use easy-to-use and affordable accounting software. Accounting software can help in recording financial transactions, generating financial reports, and analyzing financial data more efficiently.
- **Intensive Accounting Mentoring Program:** Intensive accounting mentoring program can help MSMEs implement accounting properly. This program can involve accounting experts who can provide direct guidance and support to MSMEs.
- **Increasing Awareness of the Importance of Accounting:** The government, training institutions, and related organizations need to conduct campaigns and socialization to increase awareness of MSMEs about the importance of accounting in improving business quality. This campaign can be done through various media, such as seminars, workshops, and social media.

However, this study also shows a positive correlation between good accounting implementation and financial performance and business quality. MSMEs that are able to apply better accounting principles tend to have better financial performance and are able to make more appropriate business decisions.

CONCLUSION

This study shows that the understanding and application of accounting science among UMKM ayam penyet actors still needs to be improved. Although most UMKM actors understand basic accounting concepts such as income and expenses, their understanding of more complex accounting principles, such as accrual, depreciation, and inventory, is still limited. This is due to several factors, including:

- **Resource Constraints:** Limited capital, access to technology (accounting software), and accounting expertise are major barriers. Many MSMEs operate with minimal resources and rely on manual record-keeping that is prone to errors.
- **Lack of Accounting Training and Education:** Their lack of knowledge regarding accounting understanding causes them not to apply accounting knowledge to their businesses. MSMEs often rely on personal experience and informal information from fellow business actors as sources of accounting information.
- **Lack of Awareness of the Importance of Accounting:** Lack of awareness of the importance of accounting in improving business quality is also an inhibiting factor. Many MSMEs are not yet aware that accounting can help them monitor business performance, identify problems, and formulate strategies to improve profitability and business sustainability.

However, this study also shows a positive correlation between good accounting implementation and financial performance and business quality. MSMEs who are able to apply better accounting principles tend to have better financial performance and are able to make more appropriate business decisions. This shows that accounting has an important role in improving the quality of MSMEs ayam penyet businesses.

REFERENCE

- Ramadhan, ASW, Lubna, AZ, Safitri, ANA, Cahyaningrum, I., & Wardhani, WP C. (2024). The Importance of Understanding and Applying Accounting Science to Business Quality for MSMEs. Determination: Journal of Management Economics and Accounting, 2(1), 96–104. <https://jsr.lib.ums.ac.id/index.php/determination>

- Risal, & Wulandari, R. (2021). Analysis of Accounting Implementation in MSMEs in Pontianak City. JRAK (Journal of Accounting and Business Research), 7(1), 14-26. <https://doi.org/10.38204/jrak.v7i1.517>
- Siagian, A. Onny and N. Indra. 2019. Accounting Knowledge of Business Actors Micro, Small and Medium Enterprises (MSMEs) on Financial Reports. Syntax Literate: Indonesian Scientific Journal, Vol 4, No. 12.
- Uno, M. Olyvia., L. Kalangi and RJ Pusung. 2019. Analysis of the Implementation of Financial Accounting Standards for Micro, Small, and Medium Enterprises (SAK EMKM) in Micro, Small, and Medium Enterprises (Case Study on Rumah Karawo in Gorontalo City). EMBA Journal, Vol. 7, No. 3.
- Erawati, T., & Setyaningrum, L. (2021). The Influence of Length of Business and Understanding Accounting for the Quality of Financial Reports of MSMEs: Case Study of MSMEs in Jetis District, Bantul. Scientific Journal of Accounting Kesatuan, 9(1), 53-60. <https://doi.org/10.37641/jiakes.v9i1.449>
- Hani, Syafrida and Z. Fauzi. 2017. Perception of MSME Actors towards the Implementation of Financial Report. Indonesian Journal of Accounting, Finance and Taxation 5(2).
- Hilendri, BA, Hendri S, Jumaidi, LT, Nabila, TD (2020). Accounting from the Perspective of Micro and Small Businesses Medium (Survey on MSMEs in Mataram City). Journal of Accounting Applications 4 (2), 147-154.
- Kaligis, S, Lumempouw, C. (2021). The Influence of Accounting Perception, Accounting Knowledge And Business Scale on the Use of Accounting Information for Micro, Small and Medium Enterprises (MSMEs) in Dimembe District. AKPEM: Journal of Financial Accounting and Government Accounting 3 (2), 1-16.
- Kurniawati, EP, Nugroho, PI, Arifin C.(2012). Application of accounting in micro and small businesses and medium enterprises (SMEs). Journal of Management and Finance 10 (2).
- Mandey, Maurenthia J., DPE Saerang and RJ Pusung. 2018. Qualitative Study on Benefits and Disadvantages in Preparing Financial Reports at UD Mitra Pelita. Going Concern Accounting Research Journal, 13(2).
- Manjana, A, Rahma, Yanti.N. (2023). Analysis of the Application of Accounting in Micro and Small Enterprises and Medium Enterprises (SMEs) MD Ponsel. Journal on Education 5 (4), 12728-12737.
- Savitri, RV (2018). Accounting records in micro, small and medium enterprises (study) at UMKM Mr. Pelangi Semarang). JMBI UNSRAT (Scientific Journal of Business Management and Innovation, Sam Ratulangi University). 5 (2).