Accounting practices in micro enterprises at Aba Islamic boarding business

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ABSTRACT

This study aims to examine the accounting practices of micro businesses engaged in convection at the Islamic Boarding School, named Aba Collection. This study uses ethnomethodology with the qualitative approach as a research method because it has its own points in understanding empirically. Ethnomethodology is an empirical study that studies how humans capture and perform daily activities in social reality. The results of this study found that accounting does exist and is considered important in the Aba Collection. Applied accounting is using simple accounting in its own way. The presence of simple accounting is carried out based on religious values, namely sustenance, sincerity, and alms. These values are implemented in simple accounting practices with the belief and faith of the business owner. The finding of this study suggests that Local governments should also pay more attention to providing training on accounting practices to produce financial statements tailored to the needs and business conditions classified as Micro businesses in Tulungagung Regency.

Introduction

Micro enterprises that achieve prominence in the Indonesian economy contribute to the government. According to data from the Ministry of Cooperatives and MSMEs from the news page (bkpm.go.id 2021), the number of MSMEs in 2021 reached 64.19 million (Kementerian Investasi/BPKM, 2021). This dominates the Gross Domestic Product (GDP) contribution of 61.97%, or Rp 8,573.89 trillion. MSMEs can absorb 97% of the workforce, allowing them to collect up to 60.4% of the total investment. The emergence of the economic crisis from year to year in early 2020 also felt that Indonesia's economic condition was at a low point due to the impact of the global disaster of the COVID-19 pandemic. Indeed, many businesses went out of business due to the losses suffered by various business sectors. These MSMEs are helping to accelerate Indonesia's economic recovery (Mariana, 2022)

Micro business coexisting with Islamic boarding schools are an intriguing issue contributing to the Indonesian economy. Indonesia, which has a Muslim majority, has over 30 thousand Islamic boarding schools, with approximately 4.2 million students contributing significantly to the national economy. Unfortunately, its Human Resources (HR) have not been able to maximize in implementing accounting practices (Liputan6.com, 2022). Another factor affecting accounting practices is that, according to OJK data, financial literacy reached 38.0% in 2019 but will drop by 20.1% by 2021. Financial Accounting Standards for Micro, Small, and Medium Enterprises, or SAK EMKM, are used in Indonesia to make it easier for MSMEs to prepare financial statements. The standard has been in effect in Indonesia since January 1, 2018 (Ikatan Akuntan Indonesia, 2022). SAK EMKM is a standard that simplifies the management of general transactions by entities while employing the historical cost concept.

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Accounting functions make it easier to obtain funding in the form of capital when applying for credit from banks or other external parties (Coram, 2018; Kusumawardhanay, 2020; Halpiah & Putra, 2022). The accounting system determines the importance of accounting information for SMEs' long-term sustainability and success (Wijekumara, 2019). Another factor is that financial statements are used to control expenses, calculate profits, and set aside a portion of profits for business development (Rahmawati & Puspasari, 2017). The goal of financial statements is to separate personal and business funds and to reduce business debt. To receive support for capital applications, stakeholders require accountability reports on MSMEs' performance (Ma et al., 2022). Standardization of financial reporting for MSMEs is also increasingly important when it becomes an obligation for smaller entities (Krawczyk, 2021; Gholami et al., 2022).

The reality is that MSME entrepreneurs consider accounting standards unimportant, so they have social agreements within the company. This is supported by the form of SMEs that are more dominated by individual companies, causing MSME entrepreneurs to still often use the "Sami mawon" culture in separating personal money and business capital money (Sari, 2013). Another factor is that MSME entrepreneurs often do not attach importance to administrative activities. MSME entrepreneur who still relies on memory factors to record is also one of the causes of the transformation of MSME accounting practices related to the business undertaken (Syariati et al., 2020). There is also that Micro business entrepreneurs want to avoid making financial statements for their business. Those who are not familiar with micro-entity-specific accounting standards which result in a mixture of business and household operational accounting bookkeeping (Biduri et al., 2021).

Further abroad, research conducted by (Kılıç et al., 2016) found that SMEs' readiness to use IFRS standards in Turkey is still low. Only one entity in Turkey still adapts the IFRS accounting program for SMEs. Other research conducted by Masca, (2012) researched SMEs in Europe that adopted IFRS, the results of which SMEs consider it complicated to use the standard. Only a few SMEs in the European region use IFRS due to accounting culture factors in the geographical area where they live. IFRS standards abroad or EMKM accounting standards in Indonesia that regulate accounting practices bring a problem that is still often encountered. Various emerging accounting practices have their own definitions for each perpetrator. This arises from factors caused by dependence Culture embraced by the perpetrator or agent. Accounting is a scientific discipline and practice qualified with value (Triyuwono, 2000).

In contrast, accounting is not a value-free practice science (value-free). Accounting adds value to every transaction and serves as a decision-making tool. This thought gave rise to various works attempting to provide a subjective understanding of accounting phenomena. Accounting, a science, is believed to be a branch of science socially constructed. This means that social developments heavily influence the development of accounting science. This is supported by some accounting studies based on local knowledge that bring unique phenomena discovered in the community (Fülbier & Klein, 2015; Salampessy et al., 2018).

Other accounting research has found local wisdom's value in making a fortune and giving birth to mutual trust in income management aspects (Musdalifa & Mulawarman, 2019). This indicates that accounting has authentic evidence that results in an agreed-upon value for a specific object. Previous studies have also included discussions about accounting and cultural values. Values in accounting research, such as only the value of the painting in determining the selling price of between and between accounting practices during the Dutch rule (Amaliah & Sugianto, 2018; Budiasih et al., 2018). Several researchers also stated that other values, particularly culture, are similar to accounting practices. Successful and rapidly expanding businesses may have unique values that need to be covered by accounting theory (Russel et al., 2017; Mulawarman & Kamayanti, 2018).

One of the accounting values found in the micro-businesses within the scope of the Islamic boarding school is the accounting of micro-businesses. This makes an intriguing issue; business owners apply "accounting" in their way. They develop and implement accounting practices based on what they know and understand. The Islamic boarding business's identity and culture provide opportunities to contribute to and influence accounting practices in the businesses they implement. Another factor is the Islamic boarding school, one of Indonesia's oldest Islamic educational institutions; its presence is important in society. Those prioritizing religious and moral materials must pay more attention to creativity and entrepreneurial skills. In fact, if there is a business in the Islamic boarding school, it can increase income sources. Thus, it is undeniable that scientific accounting research in the domain of non-corporate business is well worth investigating. Financial Accounting Standards for Micro, Small, and Medium Enterprises, or SAK EMKM, are enforced in Indonesia to make it easier for MSMEs to prepare financial reports (Ikatan Akuntan Indonesia, 2022). MSME actors must understand and implement accounting practices that spur businesses' progress and development (Damak-Ayadi et al., 2020). Accounting practices can add value to any transaction and serve as a decision-making guideline. Accounting values include cultural and local wisdom (Amaliah & Sugianto, 2018; Budiasih et al., 2018). Accounting practices and SME performance are critical for the success of SMEs (Uchenna et al., 2017).

Based on the phenomena described above, this study aims to reveal the reality of accounting from the business side of Islamic boarding schools so that this research can be classified as non-corporate accounting.

Research and Methodology

This study employs qualitative research, which can subjectively raise the facts in the field. According to Creswell (2007) qualitative research is a study in which researchers engage in increasingly visible interpretive practices that can potentially transform the world.
The importance of conducting this type of qualitative research is supported by how the collected data influence data analysis and interpretation (Miles et al., 2014). Qualitative research reveals the diversity of individuals, groups, and organizations.

This study uses interpretive paradigms to investigate micro-business accounting practices in Aba Islamic boarding businesses. The qualitative approach includes this interpretive paradigm research (Denzin and Lincoln, 1994). This study employs ethnmethodology methods to uncover the accounting practices of Aba Collection businesses operating under the same roof as Islamic boarding businesses.

Ethnomethodology comes from the unawareness of individuals in groups in certain communities who carry out daily activities (Kamayanti, 2017). In this view of thinking, this study seeks to understand how individuals capture and carry out daily activities and perceive and explain the order of the world in social life (Have, 2004; Coulon, 2008; Denzin, Norman K., 2009; Emzir, 2010). The data analysis uses an ethnomethodological approach through three important stages. The first stage is the search for indexicality, the second is reflexivity that underlies practical action, and the third is the achievement of contextual action that can be analyzed to produce a conclusion.

The research objects were chosen because much research still discusses micro accounting in the general business realm rather than in the context of the Islamic boarding business. The goal of this study is to gain an understanding of accounting practices in micro-business in the Islamic boarding school. Accounting understanding is influenced by social and environmental dimensions in accounting practices, not limited to achieving a company entity (Anas, 2018).

### Table 1: Research Informants

<table>
<thead>
<tr>
<th>Name</th>
<th>Gender</th>
<th>Sub Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. S</td>
<td>L</td>
<td>Islamic boarding business Caregiver and Business Owner</td>
</tr>
<tr>
<td>Mrs. N</td>
<td>P</td>
<td>Accounting staff</td>
</tr>
</tbody>
</table>

Source: Processed data 2023

The informants were chosen to facilitate researchers access to data. The informant names listed above are pseudonyms, not real names. Mr. S, the first informant, was the caretaker of the Islamic boarding house; he was also the director or owner of the convection company "Aba Collection." Conducting an in-depth interview with him to extract information about the business being run is critical. This informant was chosen because the researcher believed that Mr. S is in charge of the "Aba Collection" business and makes significant decisions regarding the company's operational activities. Mrs. N, an accountant, is the second informant. They are involved in the company's operational activities. She is an assistant to Mr. S, responsible for recording, coordinating sales goods, purchasing raw materials, and handling employee payroll. The informants, Mr. S and Mrs. N were chosen by researchers through in-depth interviews so that they could later answer research questions.

### Findings and Discussion

**The existence of the "Aba Collection" business: a form of concern for Islamic Boarding School Students**

The Aba Collection business is classified as a micro business category according to PP UMKM No. 7 of 2021, which has company wealth worth IDR 993,250,000 with sales proceeds per year of IDR 620,000,000 (Peraturan Pemerintah RI, 2021). This business is located in JL. KHR. Abdul Fattah Gang IV Tulungagung is also a place for religious science education, namely Aba Islamic boarding business. This business has a vision of forming people who are Al Qurani, charity, and entrepreneurs. The company's mission is to invite love and follow the Quran, foster a strong ethic of worship, foster a strong work ethic, and encourage entrepreneurship.

The business under an Islamic boarding school was originally a business that was established first, followed by the establishment of an Islamic boarding school. Concerning the formation of the business, the purpose of combining business with an Islamic boarding business arose from the needs of workers who were still in the realm of school children. Workers, the majority of whom are still in school, motivate business owners to establish Islamic boarding schools, similar to the idiom "killing two birds with one stone." a business and Islamic boarding school is equally useful for the general public, in addition to training students to become entrepreneurs and teaching religious knowledge.

In the "Aba Collection" business which is classified as a micro business, the availability of Human Resources personnel is important. Through policies in moving human resources, companies require several aspects. These aspects include recruitment, screening, education, and training activities (Dessler, 2014). Human resources that include Aba Collection business work began with free training. Employees numbering about 80 people, consisting of two camps. First, 30 people are employees from external Islamic boarding schools (general public) and 50 people are internal employees, namely Islamic boarding school students. Islamic boarding school students who initially had no skills at all were given training or skills for entrepreneurship for free. Those employees in the "Aba Collection" business, both students and outsiders, the majority really learn from scratch related to the work done. This is as stated by Mrs. N:
"The employees here are students and outsiders. It's all from scratch. 75% come here with no skills. The children want to come here, it's already lucky, there is no training fee, instead it is paid. Thus, then how to include in the books the recording of accounting practices."

This is related to the employee recruitment process, the "Aba Collection" does not charge for training, instead the person is paid for his work and there is no training deduction fee. The work carried out by Islamic boarding school student employees or people outside the Islamic boarding school has not been able to do anything. The business owner also took the initiative to help teach until they could. As well as sewing, braking, cutting fabric, covering and so on. Islamic boarding school students who are also employees, the majority are in terms of underprivileged families. Some of them, entered Aba because they had no fees for school. Business owners who are also caretakers of the Islamic boarding business from there provide mandatory rules, that unmarried Islamic boarding business employees in addition to working are also required to study and stay in the place. Regulations imposed by Islamic boarding business caregivers for employees who are still in the realm of school age, as stated by Mr. S:

"... Yes, we helped. There are children still in elementary school who do not want to go to school, we also take care orphans child here. Because the goal here is for the child to become a memorizer of the Quran and also become a businessman."

Hearing Mr. S's expression about how to achieve his goal stunned the researcher. When he wanted to run his business, he in addition to training students to become entrepreneurs also educated as students who memorized the Qur'an. This is in line with Mrs. N's statement that:

"... Here is not a 100% profit-seeking industry. In essence, there is another value to the owner Aba it is to help. If they have been helped, yes, they were given skills until they could. For example, if he leaves Aba, they can set up their own industry."

The statement emphasized that the purpose of the owner of "Aba Collection" is not only to seek profit. He helps provide skills from school dropouts, orphans or children from underprivileged families to be educated in religious science and entrepreneurship. The intention that arises from this business owner in Javanese cultural terms is an attitude of help. According to (Sutoyo, 1990), in terms of Javanese culture, the intention is to help create a balance in creating new value to open opportunities for action. This condition shows that nothing is impossible if the individual wants a better action. This indicates that the intention of business entrepreneurs in addition to doing business is also to help Islamic boarding school student employees to have skills that can be used to help meet the cost of their living needs in the future.

The development of this business is inseparable from the form of effort and faith carried out by business owners. His marketing confidence is carried out through the path of the religion. This path of religion, means that business owners do as much laughter as possible. The goal is to always hope for the pleasure of Allah SWT which is also accompanied by an attitude of tawakal. In Islamic theology, tawakal means fully believing in God's will to obtain benefits and prevent harm both regarding worldly affairs and the hereafter (Hardi, 2019). Thus, the implementation of tawakal must be preceded by effort. These two things become an inseparable unity in their implementation which is always accompanied by prayer. Based on cases that have been experienced by the company with the nominal value of ordered goods, business owners assume that sustenance can come from anywhere and anytime. The concept of sustenance that comes from Allah SWT, one of which includes the acquisition of unexpected profits (Farhan, 2016).

**Product Selling Price Determination**

The selling price is the price obtained from the sum of the total production costs plus the mark up used to cover the company's costs (Guerreiro & Amaral, 2018). Determination of selling prices is largely determined based on data from cost accounting (Guerreiro & Amaral, 2018). The selling price of products applied to the "Aba Collection" business was boosted by the selling price of products last year. This is as expressed by Mrs. N:

"To set the selling price, we must sometimes be encouraged last year. As long as we standardize the production cost the same, we don't increase the selling price."

The company's production process runs in accordance with incoming job orders, that the determination of the selling price of products is often guided by the selling price last year. Companies that handle the number of wholesale or retail orders in determining the selling price depend on the quantity of goods ordered.

**Determination of Employee Salary**

Business owners often make various efforts in implementing a salary system with the aim of being able to attract, maintain and retain employees with high productivity in the company (Indriyani, 2019). This is not much different from what is applied by Aba Collection business owners. Companies that generally carry out a salary system by issuing salary slips, are different from Aba Collection. The owner finds it difficult when paying salaries in a structured manner and issuing payslips from the company. This is as stated by Mrs. N:

"... So from this company I don't issue a form of payslip. I just pay them with cash or transfer."

Based on the results of the researcher's interview regarding evidence from salary, that the company does not issue salary slips. Ms. N said she offered the option of paying employees' salaries by cash or transfer. In addition, related to recording the acquisition of
products produced by each employee, the company does not record. So that records related to the number of products produced by each employee. Products completed by Islamic boarding business employees are based on the number of hours worked and products obtained, but often these business owners provide additional salaries. As stated by Mrs. N, namely:

"... For example, the salary is less, at least we have additional from the business owner. Plus let it be appropriate and enough for them. Because we have a job order system, for example, in certain months many productions they do not get additional salaries because they work full. However, if the order is quiet, then we give an additional salary, for example in that month it can be 250 thoudans to 300 I feel so pity, so the salary is adjusted to the average salary each month how much is important when the order is quiet paid according to the standard of earning their salary, but when the order is paid a lot as it is."

Based on the statement expressed by Mrs. N, business owners often provide additional salaries to Islamic boarding business children. In a sense, this is done when the order is quiet. There is a separate value in accounting practices related to the provision of salaries to Islamic boarding business children, namely the provision of appropriateness on the basis of “compassion” by adjusting the salary received at the end of each month. The appropriateness of the salary given to Islamic boarding business children is also based on senior and junior levels. "Aba Collection" employees who work on ordered goods, once a business owner once experienced a lack of orders. Business owners often if they record detailed accounting, they experience minus profits. But in other cases his business actually survived, as Mr. S said:

"There is an incident when it will pay employees, the money is not enough, I believe there will be sustenance tomorrow."

According to what Mr S revealed, he believes in sustenance. According to (Mulawarman, 2011), one of Allah's names, Rabb, provides sustenance. In Arabic, Rabb has three elements of meaning, namely, who create, who has, and who governs (Sunandar et al., 2020). The three elements of meaning in the word refer only to the Creator, the Owner, and the Organizer, namely Allah SWT. From the meaning of the word Rabb and its relation to sustenance, it can be interpreted that Allah is the place and centre of all sustenance (Mulawarman, 2008). The sustenance centred on Allah SWT was felt by Mr S as the business owner. As the expression threw, namely:

"... but by God's will, suddenly there are consumers who place orders and are immediately paid in cash / cash. Finally, the money can be rotated to pay the salaries of employees first."

As a result, Mr S's belief in his sustenance can pay employees salaries with the money generated by people's orders, which is paid in full. The money generated by these results can then be used to pay employees first. The concept of sustenance that Allah SWT has arranged all have a way; beings as Allah's servants are only limited to being able to plan (Yuliana et al., 2020).

**There is No Difference between Corporate Money and Personal Money**

In the perspective of MSMEs, the majority of capital in the form of company wealth is also considered as personal wealth ownership. The reality of its implementation, if the owner takes part of personal wealth in the form of goods or money is often not separated from the business ownership entity (Sari, 2013). Aba Collection business, their understanding is related to private money and company money there is no separation. They assume all the money owned by the company or person is the same. This is based on the Status Quo Theory which is a culture or habit of economic entrepreneur in the community environment without realizing it has existed and attached to someone (Marliani, 2019). It becomes a habit of a person, in other words, that someone is already comfortable with what is happening and the conditions that are being carried out at this time. One of the proofs in the field is the reluctance of business owners in separating corporate finances and personal finances. Accounting practices that have their own value are due to different understandings between business entrepreneur from one another. The Aba Collection business, which is a sole proprietorship, has the point of view that related to the company's capital money and private ownership money are considered the same, there is no difference.

**Recording of Aba Collection Financial Statements**

Financial statements according to SAK (2017) are a structured presentation of the financial position and financial performance of an entity (Ikatan Akuntan Indonesia, 2017). Financial statements in the form of information records about company finances, show a certain period to describe the performance of the company. The Aba Collection business, which is classified as a micro business in making its financial statements, they have not made financial statements. As Ms. N expressed:

Mrs. N’s expression indicates that related to making financial statements, Aba Collection business has not made financial statements. They just rely on the factor of memory. The factor of memory to records is often the cause of MSME entrepreneur not attaching importance to administrative activities (Syariati et al., 2020). Aba Collection assumes, even business entrepreneur even though they do not make financial statements can already know the benefits they get. This is in line with the results of the interview with Mrs. N, namely:

"... Without being recorded, I already know my profit. Because the business here is a job order, so the profit or loss is calculated when someone orders."
Based on Mrs. N's expression, that without them doing systematic recording as well as making an income statement, they already know the profit obtained. This business, because it is classified as a business that operates when there is an order. Thus, so that in calculating profit and loss they use a calculation system every time there is an order that takes such a profit. This is as based on Mrs. N's phrase:

"The point is that we only do not apply accounting like SAK, but we have books to find out that there is money coming in, there is money going out, and turnover is coming in. Well, our recording is just that. Records related to our equipment have data, only our SAK presentation does not exist. Just for the material for example, we serve, the point is that if someone serves it, we have the material."

Based on this expression, related to the preparation of financial statements in the Aba Collection Business does not yet exist. They only have a record book of income and expenditure of company money. Proof of transaction data for making financial statements actually exists all and has been sorted into individual groups. However, the presentation in the form of financial statements does not yet exist. This indicates that this "Aba Collection" effort is in understanding and implementing accounting in their own way. However, on the other hand related to proof of goods order notes, proof of purchase of goods, proof of debt and receivables they have all. Mrs. N said because there were no qualified professionals to make financial statements systematically. The accounting practices of MSME entrepreneur, in making financial statements are often caused by the cost factor of hiring a professional accountant, besides that it is also influenced by lack of knowledge about accounting (Qubbaja, 2020). Thus, they apply this, yes it has been done without thinking long related to accounting records. Various types of accounting groupings and interpretations of financial statements also cause business entrepreneur in their accounting practices to have their own principles (Riduwan & Andayani, 2019).

Simple Accounting Function of Aba Collection Business

The practice of accounting as a source of financial information, the "Aba Collection" business considers that accounting is actually important. Accounting is needed to determine the company's capital turnover or profit and loss. This is as expressed by Mrs. N:

"Accounting is indeed needed by a company to know the turnover of capital, profit loss needs an accounting. Well, because the aba was established as an individual company, the point is that we only have books to find out there is money coming in, there is money going out, that's it and turnover coming in."

Based on this statement, the "Aba Collection" business, which is a sole proprietorship, only conducts simple recording. Business entrepreneur only record finances, expenses and income. Some steps to make simple bookkeeping include recording costs / expenses, recording income and recording the number of goods (Nino et al., 2019). Related to posts such as posting general ledgers in accordance with the department to the preparation of financial statements does not yet exist. Financial information for "Aba Collection" businesses is considered important and necessary, but they still use simple accounting by only recording the number of orders of each consumer in their own way without using guidelines according to applicable standards. This can be seen in figure 1.

![Figure 1: Simple Accounting of Aba Collection Business; Source: Authors 2023](image)

*Aba Collection Business Profit and Loss*

Aba Collection in running its business does not escape profits and losses. Javanese culture calls it *bathi* which is the term profit. The determination of profits and losses from an accounting perspective is decided in terms of the settlement period for the demand for consumer ordered goods. This is as stated by Mr. S

"... I can take advantage when there is a sudden order that people really need, I offer my employees first able or not then from there I can take more profit, provided that between the party who ordered and I both agree on the calculation of the price."
Based on the expression of Mr. S's statement, that he can often take profit when there is a sudden order. Work that depends on more or less orders, then this has a meaning in addition to benefitting business entrepreneur is also profitable at the level of many jobs completed by employees. Thus, later it will also affect the wages of employees obtained.

The business owner has also experienced losses in addition to the receding orders to continue to choose to hire employees, also caused if there are missing items such as raw materials, namely t-shirt fabrics. Companies that are under the same roof with Islamic boarding school, if business activities have ended in the afternoon, then the production site also remains open. The building used for business activities is on the first floor while for the male santri hut is on the second floor, besides that the main door only has one shortcut that is unlocked and not installed. The absence in the environment of the company and islamic boarding business leads to the opening of opportunities to indicate the presence of missing items. As expressed by Mrs. N

"... we don't have CCTV, our CCTV is God. For example, if there is a child who steal a piece of cloth, one kilogram, one meter two meters, we do not know. Wallahu a'lam."

Based on this expression, the "Aba Collection" did not install CCTV. They are sure to use Allah's CCTV. This means that no matter what the circumstances, if there are employees or students who take goods, Allah will always see and observe them. Mrs. N believes in the term wallahu a'lam which means only Allah is omniscient. Thus, he synthesized that employee behavior is always supervised by Allah SWT, even if the company does not know directly if there are fraudulent employees. The company that does not know directly related to the missing goods is also due to the absence of supervisors at the production site. As the business owner, Mr. S, said:

"... If there are children overtime, yes, there is no goods supervisor here, yes, it has been put here. Lillahi ta'ala."

Based on this expression, that the goods in the place of business, especially t-shirt fabrics, are only placed in the production site. There is no prejudice against employees, but only belief related to Allah Almighty and the effort is intended only because it is for Allah SWT. The goal is to worship and gain pleasure from Allah SWT. Principles in doing business Aba Collection Business by implementing based on Lillahi Ta'ala The goal is not just to seek profit, but more than that. The main goal is to seek the pleasure of Allah to obtain His gift. In accordance with the word of Allah in (QS. Al-Jumu'ah:10) which means, "when prayers have been offered, then scatter you on the earth and seek the grace of Allah and remember Allah as much as possible so that you may be lucky" (Al-Quran Al Karim). The business "Aba Collection", has the belief that every business run in the name of Allah will always be profitable, will not suffer losses. That belief was conveyed, as expressed by Mrs. N:

"... Actually, if you count it, there are really many losses, but we can still survive."

Based on Mrs. N's expression, assuming that if calculated by accounting calculations, there are many losses. Thus, this is what makes researchers intrigued to dig deeper related to the success of this effort.

**Uncollectible Receivables forfeited**

Receivables or known as receivables are financial assets and also financial instruments. Receivables are also often referred to as loans in the form of money, goods, or services (Kieso et al., 2017). There are cases, for uncollectible receivables often found in consumers who have subscribed to orders. as stated by Mrs. N:

"... The problem of receivables is that if it has been five years of being billed for not paying, it has been forgiven, tomorrow I collect it in the afterlife."

Based on the results of the interview with Mrs. N, it shows that related to receivables within five years the owner of the debt does not pay, then the receivables are forgiven. Sincere for uncollectible receivables, that the company will later hold it accountable in the Hereafter. As stated in the Qur'an Surah Al-Isra' verses 13-14:

"All the deeds of men are ordained by Allah Almighty and a record of their deeds will be opened later in the Day of Judgment to be held accountable."(Al-Quran Al Karim)

Accountability for all human actions requested by Allah SWT in the Hereafter, the "Aba Collection" believes this. Thus that the "Aba Collection" believes that the more you do for the good and happiness of others sincerely, the greater the benefits of the hereafter will be obtained and the benefits of the world will follow. As in the Word of God in (QS. Ash-Shura: 20) in essence if the worship carried out for the purpose is the hereafter then the world will follow by itself (Al-Quran Al Karim). But if the purpose of the worship is the world, then only that world is obtained, while in the hereafter there is nothing. Regarding uncollectible receivables was also expressed by Mr. S, as the business owner as follows:

"For example, there are people in debt. The person doesn't pay, it's not sincere, if the person still pays it means it's still my sustenance."

The results of the interview, the researcher was stunned by the value of sincerity. Confidence in the value of sincerity that is implemented, if the person who owes money still pays the business owner considers it because it is still his sustenance. The meaning of sincere value for uncollectible receivables is implemented with full confidence in the coming of a reward from Allah SWT. As Mrs. N said:
“... Later there will be a replacement, either tomorrow or when there will be an order that can replace the nominal that was not paid before.”

The results of the interview, Mrs. N's expression emphasized that for uncollectible receivables to be forgiven, there was actually an emergence of more returns. The return comes from any angle, as it does from Order other consumers. In addition, there are also unexpected factor. Just like there is a debt owner who has been very long ago suddenly came to the company to pay debts. As stated by Mr. S, as the owner of the "Aba Collection" business:

"There was a person in debt about 2008 who suddenly came here, I had forgotten how much he owed, and the note was also gone, the person came here to pay off his debt because he felt he had debt. Then finally we made a decision together to pay off as he remembered and sincerely did. The person's debt record has also been lost because it has been a long time, my principle is that if indeed the debt will not be paid, I will forget it."

The expression of the business owner, Mr. S emphasized that there had been cases of debt owners who had come for years to suddenly come to ask about the nominal amount of their debt. The length of the debt collection has been approximately fifteen years and the record of receivables has been lost, so that business owners apply the value of mutual sincerity to let go. Negotiations related to the memory of the debt owner and how sincere the debt owner is to pay it, that is the decision. The decision on the nominal amount of debt payment is finally agreed between the debt owner and the business owner by precipitating the value of mutual sincerity between the two parties.

Product Broken Opportunity for Charity: Make orders came a Lot

(Bustami & Nurlela, 2007) Defining damaged products can actually be repaired, but with additional costs that tend to be greater. Another way of anticipation, can also be sold at a loss or sold equal to the value of the costs incurred. A common problem in the company, the efforts of "Aba Collection" in addressing these problems are actually different. As Mr. S said:

“... So if there are damaged items, usually people are confused. but I don't. The important thing is that the goods are completed and utilized, if people need anything later on coming and there are damaged goods a little is given away. So the benefits are still there. Business owners assume that this is not a problem that causes losses. The company does not repair by incurring additional costs or selling damaged goods at a loss, but instead becomes an opportunity for the company to give alms. In quotes, damaged goods can still be used for people in need. Damaged items besides still being able to be used for people in need can also be used to please others, as expressed by Mrs. N:

“... So these damaged items do not go to return goods, but the line is later donated to those in need. Later, during the holiday season, we will distribute it for free to employees with the aim of pleasing people."

Based on Mrs. N's expression, researchers were stunned by the presence of damaged goods in the "Aba Collection" business to donate or give away. Other factor besides the damaged goods are given voluntarily, also in line with the expression of Mr. S, as the business owner:

"From my side, I give alms, like when there is a mosque construction we give 50, 100 pcs and that is often. So, the term here is that we don't have a defective product."

This expression, damaged goods in the Aba Collection do not exist, because there are still benefits. For example, people who need clothes for mutual aid in the construction of mosques. Through such treatment from the side of the business owner, the goods are given away. According to BAZNAS regulation No.2 of 2016, alms is wealth or non-wealth issued by a person or business entity outside zakat for public benefit (Peraturan Basnaz, 2016). This Aba Collection business does alms for public benefit, as well as for mosques and employees in need. One of the virtues of alms is worship that will not reduce wealth. As the Prophet (peace be upon him) said to remind us in a Muslim narration:

"Alms does not diminish wealth." (HR. Muslim)

Why won't alms reduce wealth? Because even though the wealth explicitly seems to be decreasing, the deficiency will be closed with merit in the side of Allah SWT and will continue to multiply into more. As stated by Mr. S, as the business owner:

“... Because if it becomes a finished item, it is so alms. So the next day my orders increased a lot. So here the term is just like that."

Based on this expression, damaged goods such as screen printing or wrong cutting process if it has become a product that is ready to be sold, but not suitable for sale. Thus, the goods are given to people in need. He believes that through the shodaqoh, the orders will actually increase even more. The confidence of business owners by applying shodaqoh to damaged goods that can still be utilized, the orders are even more. This is also in line with Allah's promise contained in the Quran Surah Saba' verse 39 which reads:

"And whatever you spend, Allah will replace it, and He is the best giver of sustenance."(Al-Quran Al Karim)
Study of Business Accounting Practices of Aba Work Islamic boarding business in the Perspective of Researchers

The accounting practice of the Aba Collection Business which is engaged in manufacturing with the results of products in the form of t-shirts and screen printing is influenced by the background of the establishment of the business. Disclosures related to accounting practices produce a form of simple accounting practice that prioritizes three religious values. First, believe in the sustenance that has been arranged by Allah SWT which ultimately brings feelings that are always sufficient for business continuity. In accounting principles, the meaning of sustenance is two values that cannot be separated, namely metterialistic value (seeking sustenance for the life of the world) and spiritualistic value (seeking sustenance for the afterlife) (Mulawarman, 2011).

Second, simple accounting practices that are carried out based on sincere values. This is reflected in uncollectible receivables, the Aba Collection Business classified. Policy related to receivables is a receivables management procedure carried out is to collect up to 5 times to the owner of the debt. In addition, giving a time limit for the age of receivables is 5 years, if it has been done up to 5 times or has passed the age of receivables, the ABA Collection forgives the receivables. Then if it is more than the specified time limit, suddenly there are receivables paid which are considered as sustenance.

Third, namely accounting practices based on the value of alms. This can be seen when in the company there are damaged goods or defective products, they will be given to those in need. Alms carried out can also be in the form of receiving proposals from parties who need assistance such as Islamic boarding business, and alms to orphans and widowed. The only goal is to help and please others by hoping for the pleasure of Allah SWT.

The values applied by Usaha Aba Collection become an inseparable whole, because there is a relationship with each other. Thus, Usaha Aba Collection only carries out simple accounting practices because its accounting is based on values implemented in its daily business. The following is an overview of the disclosure of accounting practices in the Aba Collection Business:

Figure 2: The Simple Accounting Practices on Religious Values; Source: Authors 2023

Based on figure 3, the accounting practices carried out at Aba Collection use simple accounting practices. This practice is carried out starting from the existence of transactions to classifying to be recorded in subsidiary ledger. The subsidiary ledger are sorted according to their respective categories, but there are some that are not recorded. This is in the sense that it is not recorded in the subsidiary ledger, but is only stored in the form of proof of transaction. Broadly speaking, the Aba Collection Business has carried out accounting records, but uses simple accounting. Various types of accounting groupings and interpretations of financial statements also cause business entrepreneur in their accounting practices to have their own principles (Riduwan & Andayani, 2019).

The separate principle behind the practice of accounting is simple, because it is based on religious values, namely sustenance, sincerity and almsgiving. Starting from the beginning of the establishment of the business to the realm of accounting practice, the Aba Collection Business has its own principles and beliefs. This is precisely what makes the feelings experienced by business owners because their business is growing and survive. Successful and rapidly growing companies sometimes have unique values that are not covered in an accounting theory (Russel et al., 2017; Mulawarman and Kamayanti 2018).

The values on which accounting practices are based on the recognition of uncollectible receivables are sincere. The emergence of this sense of sincerity will actually have an impact on the feeling of abundant sustenance. The sustenance that comes unexpectedly comes from Allah, where Allah is the place and center of all sustenance (Mulawarman, 2008). Sustenance in the form of assets that will increase the company's income. In recognition of damaged or defective goods, Aba Collection does alms by giving t-shirts that are still worthy of being distributed free of charge. This is done to help and please people. Aba Collection business entrepreneur
believe and believe in the implementation of accounting practices that bring the value of iklhjas, alms and sustenance actually always bring luck and success.

The Aba Collection Business which also issues alms for widows, orphans and issues zakat believes that the more good and happiness others sincerely do, the greater the benefits of the hereafter will be obtained. The world’s profits will follow suit. As in the Word of God (QS. Ash-Shura: 20) in essence if the worship carried out for the purpose is the hereafter then the world will follow by itself (Al-Quran Al Karim). There is a hadith narrated by Imam Muslim that “alms does not reduce wealth.” (HR. Muslim). Alms issued even though the wealth seems to be decreasing, but the deficiency will be covered with merit in the side of Allah SWT and will continue to multiply into more. This is what brought the success and success of Aba Collectin's business. Simple accounting practices that are carried out, prioritize trust and confidence in religious values. Accounting practices are carried out, the main factor is usefulness and effort. Aba Collection business aims to establish in addition to prioritizing profit also to benefit others. The concept of hablumminannas value becomes the basis for establishing good relationships with others, which will later also bring good to their business.

Conclusions

Based on research and discussion, the success of a business can be seen from the company's performance. If a company's performance is good, then the company can be said to have achieved success. In general, the company's performance can be measured from the profit obtained by the form of the business concerned. However, this Aba Collection business has uniqie value that makes it successful. The goal is not only to seek profit but also to help to benefit others by providing free training. Most employees who work cannot be qualified to work. Business owners are willing to provide free training and prioritize the value of “hablumminannas”. Values that indicate that humans must also have good relationships with others. Aba Collection's efforts show that simple accounting practices are only carried out until the creation of helper notebooks. This is done because they also use sincere values, sustenance and alms. They only need records to know the company's money cycle. Belief and trust in these values are invisible, but Usaha Aba Collection can feel it.

This study makes a theoretical contribution by supporting several theories and previous research. It also makes a practical contribution for Aba Collection Businesses to keep structured accounting records and use a bookkeeping system that is not only manually handwritten but also uses records in documents with Microsoft Excel assistance so that if manual evidence is lost, there are still documents stored in the form of soft files. Furthermore, the local government should focus more on providing training on accounting practices in order to produce financial reports tailored to the needs and circumstances of businesses classified as Micro businesses in Tulungagung Regency in order to know and understand the importance of implementing accounting practices and producing financial reports so that MSME actors can continue to grow and improve.

The limitations of this study consist of several things. First, the object of observation is only carried out in the environment around the Aba Collection business, which is also one location with the boarding school. Second, Interviews were only conducted with two resource persons, business owners whose position was also the caregiver of the boarding school and accounting staff. Hence, the tendency for bias still existed. Moreover, third, the limited period of observation research makes the results of this study still have many things that could be improved. For future research, it is hoped that it can combine quantitative and qualitative research methods to maximize the results and findings and also expand the period of observation in the field to maximize the results obtained. In addition, for future research to be able to explore information on all parties involved in business activities so that researchers can obtain informants with various patterns of thought in revealing their accounting practices, and in the end, the data obtained is more complete and more in-depth.

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