

Socialization Of Small Medium Enterprise (SME) Financial Management Accountability Based On Sharia Enterprise Theory In Kampung Moten Seremban Negeri Sembilan, Malaysia.

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Abstract.

The aim of this International Community Service program is to socialize SMEs management based on Sharia Enterprise Theory (SET) in managing banking products as an additional fund for them. Moreover, this program was also carried out to socialize sharia-based business management, regarding SET concept-based accountability. This article is written to present the results of the FGD that illustrate that SMEs actors do not fully understand a SET concept-based accountability in managing their business. Accountability is still understood only as making financial reports in order to obtain credit. In understanding a SET concept-based accountability, SMEs actors must have an Islamic economics thinking paradigm that everything in this world belongs to Allah SWT and humans are only recipients of trust. Furthermore, based on the SET concept, there are three stakeholders in the Company that need to be met in accountability's indicators, namely God, humans and the universe. Accountability applied by SMEs actors does not yet fully understand that the business they own is a mandate from Allah SWT which must always be accounted for, such as accurate financial reports are made so that Allah's rights are not oppressed, for example in the form of zakat.

Keywords: Accountability, SME, and Syariah Enterprise Theory (SET).

I. INTRODUCTION

Accountability is a very important concept and must be fulfilled in managing an organization, both business entities and non-profit entities. The concept of accountability has been introduced by many accounting researchers, including accountability in the business world, namely good corporate governance (Kusumawati et al., 2016), accountability in the public sector (Agustiawan & Halim, 2018); (Randa & Pasoloran, 2019), accountability in the form of local wisdom (Randa & Daromes, 2014); (Sharon & Paranoan, 2020); accountability of zakat funds (Nur Fitriyah et al., 2021), accountability of mosques, and so on. In general, current accountability still tends to be understood in a conventional concept. Accountability only becomes a ritual to fulfill formal requirements within an entity. The current accountability that has been carried out is not tend to be holistic because it does not involve spiritual elements in it. In fact, accountability is actually should not only viewed from a material perspective, but also from a non-material aspect (Triyuwono, 2006). One concept that introduces holistic accountability is Shariah Enterprise Theory (SET). SET explains that in carrying out its activities, an entity must be responsible to at least three elements, namely God, humans and the universe (Lince Bulutoding & Sharon, 2023). The SET concept is always based on the metaphor of trust (Triyuwono, 2015). SET is a concept that can be used to assess the accountability performance of an entity.

While material accountability generates products in the form of financial reports, the non-material accountability is pretty much related to the spiritual mentality possessed by employees that will invent individual performance and will have an overall impact on the entity's performance (Triyuwono, 2006) and (Triyuwono, 2015). Small Medium Enterprises (SME) that make use of banking products should implement accountability based on the SET concept. SME accountability reports should not only cover the financial report aspects, but rather be more to the holistic accountability. The financial reports must be prepared with a correct, honest and fair process that is adjusted to the standards for preparing financial reports based on

Sharia Accounting Standards (SAS). However, the concept of SET has so far only been understood by the academic community in higher education. Therefore, this article is very important for the public, especially for accountants, who play a role in the business world. Based on this problem, Department of Accounting UIN Alauddin Makassar felt the urgency to write this article. This article is the result of International Community Service (PKM) Program.

The location chosen for this International Community Service (PKM) Program was based on the condition that Malaysia and Indonesia have a similar culture with a majority of Muslim community. Furthermore, Malaysia and Indonesia have similarities on the banking products and regulations applied. Besides, according to previous study (Mongid & Notodiharjo, 2015), Malaysia has five key of economic drivers (key thrust), namely (1) prioritizing or encouraging the competitiveness of MSMEs, (2) encouraging opportunities for Malaysian companies to invest abroad, (3) encouraging the growth of MSMEs through the application of technology, knowledge and innovation, (4) building systems and policy frameworks that are friendly and supportive for industry, as well as (5) supporting the growth and contribution of MSMEs in the service sector (SMIDEC: 2007). The focus of this research is how the SME actors in Negeri Sembilan, Malaysia, can be accountable in managing funds from sharia banking product. This article can provide information about the accountability of SMEs management in making use of sharia banking products in recovering their business after the Covid 19 pandemic. Moreover, the results of this research could be used as a reference in developing learning materials for universities. The results of this research will provide information nationally and globally regarding financial management in making use of sharia banking products after the Covid 19 pandemic.

II. LITERATURE REVIEW

2.1. Accountability based on Shariah Enterprise Theory (SET)

Shariah Enterprise Theory was introduced by Prof. Iwan Triyuwono and has been widely used in accounting studies to develop a concept in the field of sharia accounting. In the SET concept, the accountability of an entity is not only related to material responsibility, but also must involve accountability to God, People and the Universe (Triyuwono, 2006). The presence of God or an understanding of God within accountants will encourage accountability to be carried out fairly (Triyuwono, 2000) so that it can be a good result in the performance of an entity (Triyuwono, 2015). SET is a concept to encourage "the actors" to always carry out spiritual capital-based entity activities. In essence, spiritual values will encourage "the actors" to always uphold the values of honesty, justice and truth in preparing financial reports, so that the reports can be free from manipulation and lies. SET can be applied in the real world according to the characteristics of an entity, depending on how the entity's policy makers wish to adopt the SET.

2.2. Small Medium Enterprises (SMEs) that receive the Sharia Banking Products for the Covid-19 Affected in Seremban, Negeri Sembilan, Malaysia.

The emergence of the Covid-19 pandemic has caused the economic system to encounter paralysis. Many sectors in society have been affected by the pandemic, including education sector, the transportation sector, business and so on (Abodunrin et al., 2020). Business is one of the lifeblood of the economy in a country which has not escaped the impact of the pandemic. On one hand, the government imposed a lockdown to contain the spread of the virus, but on the other hand, many sectors experienced problems in managing their activities. Many companies run into setbacks due to overlapping policies. One kind of the entities that experience the impact of this condition was the Small Medium Enterprises (SMEs). Every country with SMEs having difficulties to face the economic crisis that arises, making the government policies are needed to revive SME players after the Covid-19 pandemic. One country that is trying to revive its SMEs actors is Malaysia.

III. METHODS

The method used by the authors is observation, then conducting structured interviews with SMEs actors who received funding support from Sharia Banking products in increasing their capital after the Covid-19 pandemic. The products obtained by the SMEs are: Musyarakah, Mudharabah and productive

zakat which is distributed through Sharia Banks. The author conducted interviews to find out the problems faced by SMEs during the pandemic and then conducted a Focus Group Discussion (FGD) between the academics and the business actors. There were about 12 SMEs actors that attended the program and all of them was making use of Sharia Banking products to manage their fund after the Covid-19 pandemic. The program was held at the Kampung Moten Cultural Hall, Seremban, Negeri Sembilan, Malaysia.

IV. RESULTS AND DISCUSSION

4.1. International Community Services Location

The Malaysian government is trying to collaborate with other parties to raise SMEs actors in the region. As an example, Negeri Sembilan, is collaborating with the Indonesian Accounting Lecturers Association (ADAI) to revive SMEs actors by providing business motivation which is conducted through International Community Services (ICS) Program on February 10th, 2023 at Kampung Moten Multipurpose Building, Bandaraya, Seremban, Negeri Sembilan. This building is a meeting place for the SMEs to undertake their activities. Seremban is famous for its cultural and culinary traditions that it has the philosophy of "ta' di sangko semuo ea ado" which means "everything is available in Seremban". This shows how rich Seremban, Negeri Sembilan, Malaysia is.

The SMEs category in Malaysia generally consists of agricultural businesses, restaurant businesses, service businesses, including agro industry (home products). A business is categorized as a micro business if its capital is less than RM 250.000, then categorized as a small business if its capital is between RM 250.000-RM 10.000.000, and Medium Business if its capital is RM 10.000.000-RM 25.000.000 (Mongid & Notodiharjo, 2015). The Malaysian government pays great attention to SMEs actors and provides opportunities for the business world and other sectors to work together in pulling off economic recovery. One of them is Sharia Bank which provides a support in the form of loans for SMEs actors affected by the Covid-19 pandemic. Various SMEs businesses was present at the FGD which was also attended by the representative of Negeri Seremban, namely Tuan Mas Widyawan bin Yahya as Datuk Bandar Majlis Bandaraya Seremban. The SMEs who were present at the event consisted of various businesses, namely restaurant businesses or food stalls living around the building where the activities were held, music performers and cultural parade arts businesses. Most of those present at that time were restaurants from Padang and Malaysia.



Fig 1. Business symbols of SMEs attended

4.2. Material Presentation regarding the Accountability of SMEs Financial Management based on Sharia Enterprise Theory (SET)

Accountability or responsibility as understood by SMEs actors is only in a form of financial reporting conform the conventional accounting. Most of them understand that the financial report consists of a balance sheet, profit and loss reports, changes in capital and cash flow. This report is very important because it provides information about the financial position managed by the management (Lince Bulutoding, 2021). When preparing financial reports, it is necessary to pay attention to Generally Accepted Accounting Principles (GAAP). The on time and reliable published financial reports depict a company with high accountability. Financial reports are one of a requirement for obtaining financial support from Bank. The

Bank will not provide financial support if a business entity does not provide a report on its activities. SMEs actors only understand accountability in the form of financial reports alone. To form financial management that is responsible, honest, trustworthy, muhasabah, qanaah and hopes for blessings from Allah SWT, of course it must be preceded by an element of monotheism towards Allah SWT (Lince Bulutoding & Sharon, 2023).



Fig 2. Group photo with the deputy mayor of Seremban and SMEs actors in Negeri Sembilan, Malaysia.

Through this ICS Program, SMEs actors be able to totally understand that accountability in managing and producing financial reports requires spiritual capital to generate an honest, accountable and transparent financial reports that are far from manipulation practices. Accountability is not only given to the creditors, but also to the stakeholders. Accountability in an entity managed by a Muslim must fulfill accountability as understood by the SET concept, namely accountability to God, humans and the universe (Lince Bulutoding & Sharon, 2023). In understanding the SET concept, it is necessary to have an Islamic Economics thinking paradigm. The concept of trust put forward by (Triyuwono, 2001) explains that everything on this earth is a trust given by Allah SWT. God is the giver of trust and humans are the recipients of trust. Therefore, SMEs are the trust given by Allah and SMEs actors are recipients of the trust who must manage the trust based on the concept of sharia. The form of financial management accountability based on the SET concept that must be understood by SMEs actors in managing funding support provided by Sharia Banking Institutions consists of (a) financial management accountability to Allah SWT (b) financial management accountability to humans (c) financial management accountability to the universe.

a. Financial Management Accountability to Allah SWT

The financial management implemented by SMEs actors in managing their business needs to be accountable for this management to Allah SWT as the sole owner of everything on this earth, including business ventures. In establishing financial management accountability to Allah SWT, humans must always have an Islamic economic thinking paradigm, namely that everything on this earth belongs to Allah SWT. Based on this thinking paradigm, the concept of trust as contained in the QS. 2:30, that Allah has given humans the mandate to manage this earth according to human abilities. The trust given must be managed in accordance with sharia concepts. To form the responsible financial management (Lince Bulutoding et al., 2021), honest, trustworthy, muhasabah, qanaah and hope for blessings from Allah SWT, of course it must be preceded by an element of monotheism towards Allah SWT (Lince Bulutoding & Sharon, 2023). Financial management based on accountability to Allah SWT can be seen from clear and halal sources of capital/fund (Lince Bulutoding et al., 2021), does not involve haram transactions, and is not affiliated with haram businesses such as alcohol, drugs and so on. The form of accountability to Allah SWT always assumes that business is only a gift from Allah SWT which must be managed according to sharia rules such as issuing zakat infaq and alms.

Zakat is an obligation of habluminallah and habluminannas. Habluminallah in the concept of zakat is a form of maintaining a relationship or accountability to Allah SWT (Lince Bulutoding et al., 2020). The majority of SMEs actors in Seremban only understand accountability to Allah SWT in the form of clear and halal sources of capital, not involving haram transactions, drugs, and so on, and the obligation to pay zakat. They do not fully understand that the business entity they own is a gift from Allah SWT. They still consider

that the business is their own, so sometimes in their management, they do not record financial reports for the purpose of deducting zakat. In fact, the purpose of making financial reports in sharia accounting is to find out how much zakat will be paid in a certain period. So that Allah SWT's rights in the form of zakat calculation errors are not violated, it is necessary to record them accurately. (Lince Bulutoding & Sharon, 2023). They only understand that financial reports are only for the purposes of obtaining credit support from creditors such as banks, so sometimes the accuracy of zakat reports is not given much attention.

b. Financial Management Accountability to Humans.

Financial management accountability to human stakeholders is generally carried out by the Company. Accountability to humans is one of the components in the SET concept. This accountability includes accountability for financial reports to shareholders or owners in the context of providing dividends, accountability to the government in the context of paying taxes and levies, accountability to financial services authorities or related to sharia compliance and so on. This type of accountability is sometimes considered a formality within an entity, but if looked at in depth, the essence of this accountability must involve ethics and morals as well as standards in generating an accountable financial report. Integrity and reporting according to facts are the goals. SMEs actors in Kampung Moten-Seremban only understand financial management accountability in the form of financial report for the benefit of stakeholders. SMEs actors do not really pay attention to ethics in making reports because they consider the report to be just a formality for banking activity purposes. Besides, they consider that the business they own is theirs, so that financial reports can be prepared in accordance with the interests of stakeholders. After participating in this program, SMEs actors in Kampung Moten understand that financial reports must be prepared in accordance with ethical standards or in accordance with financial accounting standards and that is a form of accountability to humans. Moreover, they also understand that when making financial reports, it must be made according to the facts (L. Bulutoding, 2016), and that will be the basis for paying zakat and taxes.

c. Financial Management Accountability to the Universe

The third stakeholder in the SET concept to receive responsibility for managing an entity is the universe. Accountability to the universe is a concept that is widely understood by entities in general. The concept of responsibility to the universe that is understood by SMEs actors before participating in this program was as corporate social responsibility (CSR). For example, a sharia entity may not mix halal and non-halal income within the Company. Non-halal funds obtained by sharia entities are usually intended to finance the Company's CSR or finance common public interests, for example the construction of public toilets, construction of roads, bridges and so on.

After participating in this program, SMEa actors be able to understand not only the management of CSR funds as well as non-halal funds and its allocation, but also that accountability to the universe is a big responsibility of an entity. One form of this program is how an entity operates without disturbing the balance of the ecosystem that occurs in the universe. As an example, waste produced by a company needs a solution so that it does not disturb the surrounding community, the use of fuel that can provide air evolution must be carefully considered, the sound generated by an entity's activities will cause sound evolution. a solution needs to be found to no to disturb the surrounding community. Entities must have awareness of their presence in residential areas so as not to produce waste that will impact the environment.

V. CONCLUSION

It is hoped that this International Community Service program can provide the understanding to SMEs in carrying out an accountability with Islamic concepts. So far, SMEs actors only understand the conventional responsibility, such as financial management only ends with financial reports. In fact, as Muslims, of course the SMEs should adopt the Islamic Economics thinking paradigm that everything on this earth belongs to Allah SWT and we are only given the mandate to manage it, including the businesses owned by SMEs. However, with socialization and providing motivation through FGDs, SMEs actors be able to fully understand that the responsibility of a business must be accountable to God, humans and the universe. The accountability to Allah SWT is conducted through management and preparation of financial reports based on sharia concepts. The financial report aims to calculate how much Allah's right is in the business results that

will be issued in the form of zakat. Furthermore, the aim of control within the Company is to safeguard Allah's rights so that they are not violated by decreasing profits to reduce zakat deductions.

Furthermore, the accountability to humans is in the form of financial management and preparation of financial reports which involve ethics, morals and financial management standards based on Generally Accepted Accounting Standards which are reported to stakeholders, for example the government in the form of taxes, zakat amil institutions in the form of zakat and so on. Lastly, the accountability to the universe is conducted by managing CSR funds and non-halal funds and their allocation, understand that accountability to the universe is how an entity operates without disturbing the balance of the ecosystem that occurs in the universe. For example, waste produced by a company needs a solution so it does not disturb the surrounding community. The use of fuel that can provide air evolution must be carefully considered. The sound generated by an entity's activities will cause sound evolution, so a solution needs to be found so as not to disturb the surrounding community. Entities must have awareness of their presence in residential areas so as not to produce waste that will impact the environment. It is hoped that SMEs actors understand the concept of Islamic Economics thinking paradigm so that they can avoid conflict with Islamic sharia concept in their business activities.

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