

MANAGERIAL ACCOUNTING ISSUES IN MSMEs IN KOLAKA REGENCY: A PHENOMENOLOGICAL QUALITATIVE APPROACH

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Abstract

This study aims to identify and analyze managerial accounting problems faced by Micro, Small, and Medium Enterprises (MSMEs) in Kolaka Regency, Southeast Sulawesi. This study uses a qualitative approach with phenomenological methods. Data collection was conducted through in-depth interviews with 12 informants consisting of MSME actors in various sectors, participatory observation, and documentation. Data analysis techniques use the Miles, Huberman, and Saldaña (2014) model which includes data condensation, data display, and conclusion drawing. The results identified six main themes of managerial accounting problems, namely: (1) mixing of personal and business finances, (2) absence of production cost recording systems, (3) absence of planning and budgeting, (4) selling price determination without calculation basis, (5) minimal utilization of accounting information in decision making, and (6) weak business performance evaluation. This study recommends the need for local wisdom-based managerial accounting assistance programs involving local government, universities, and local business communities.

Keywords : managerial accounting, MSMEs, qualitative, phenomenology, Kolaka Regency

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, MSMEs contribute more than 61% to the national Gross Domestic Product (GDP) and employ approximately 97% of the workforce (Kemenkop UKM, 2022). At the regional level, MSMEs are also a major driver of the local economy, including in Kolaka Regency, Southeast Sulawesi Province. Kolaka Regency boasts diverse economic potential, encompassing fisheries, agriculture, nickel mining, trade, and tourism. According to data from the Kolaka Regency Cooperatives and MSMEs Office, there are thousands of MSMEs spread across various sub-districts. However, the majority of MSMEs in this region still face various challenges in business management, particularly in accounting and financial management. Managerial accounting plays a vital role in business management because it provides the information management needs for planning, controlling, and decision-making (Hornigren, Datar, & Rajan, 2015). Unlike financial accounting, which focuses on reporting to external parties, managerial accounting focuses on providing internal information for business managers (Hansen & Mowen, 2018).

For MSMEs, the implementation of adequate managerial accounting can help business actors in various aspects, including: determining the cost of goods manufactured (COGS) accurately, preparing a budget as a control tool, analyzing the break-even point, evaluating the performance of various business lines, and making strategic decisions such as accepting special orders, making or buying from outside (make or buy), and determining the optimal product mix (Mulyadi, 2017). However, the reality on the ground shows that the application of managerial accounting in MSMEs remains very limited. Previous studies consistently show that low financial literacy, limited human resources, and the perception that accounting is only necessary for large companies are the main obstacles (Haldma & Lääts, 2011; Peltonen, 2015; Yulmardi et al., 2020; Sari & Rasuli, 2021). In Kolaka Regency, this problem is exacerbated by its vast geographical area with unequal access to training and education centers. Furthermore, the diverse sociocultural characteristics of the Kolaka community, which includes the Tolaki, Bugis, Makassar, and Javanese ethnic groups, contribute to business management patterns that tend to be family-based and traditional.

This study differs from previous studies by using a phenomenological approach, allowing researchers to deeply understand the lived experiences of MSMEs in managing their business finances. This research also specifically highlights the local context of Kolaka Regency, which has unique socioeconomic and cultural characteristics.

1.2 Problem Formulation

Based on the background above, the problem formulation in this research is:

1. What is the understanding and experience of MSME actors in Kolaka Regency regarding the application of managerial accounting?
2. What problems do MSMEs in Kolaka Regency face in implementing managerial accounting?
3. What factors cause managerial accounting problems in MSMEs in Kolaka Regency?

1.3 Research Objectives

1. Exploring the understanding and experience of MSME actors regarding managerial accounting.
2. Identifying and analyzing managerial accounting problems in MSMEs in Kolaka Regency.
3. Analyzing the factors causing managerial accounting problems in MSMEs in Kolaka Regency.

1.4 Research Contribution

This research contributes to the development of managerial accounting literature in the context of MSMEs in developing regions, particularly in Eastern Indonesia. Practically, the results are expected to inform the formulation of targeted policies and mentoring programs for MSMEs in Kolaka Regency.

2. LITERATURE REVIEW

2.1 Managerial Accounting

Horngren, Datar, and Rajan (2015) define managerial accounting as the process of identifying, measuring, accumulating, analyzing, compiling, interpreting, and communicating financial and non-financial information that assists managers in decision-making and achieving organizational goals. Hansen and Mowen (2018) add that managerial accounting provides the information needed for three primary management activities: planning, controlling, and decision-making. Mulyadi (2017) emphasized that managerial accounting has different characteristics from financial accounting, including: focusing on segments of the organization as a whole, being future-oriented, not bound by generally accepted accounting principles, and using a multidisciplinary approach.

2.2 Managerial Accounting in the Context of MSMEs

The application of managerial accounting in MSMEs has specific characteristics that differ from those in large companies. According to Lavia López and Hiebl (2015), managerial accounting practices in MSMEs tend to be informal, unstructured, and heavily reliant on the owner's knowledge and intuition.

Some managerial accounting concepts that are relevant to MSMEs include:

a. Separation of Entities (Entity Concept)

This concept states that a business entity should be separate from its owner. In the context of MSMEs, this means that business finances should be separated from the owner's personal finances (Warren, Reeve, & Duchac, 2018).

b. Production Cost Calculation (Cost Accounting)

Understanding cost classification (fixed costs, variable costs, direct costs, indirect costs) and calculating the cost of goods manufactured is an important foundation in determining selling prices (Horngren et al., 2015).

c. Planning and Budgeting

A budget is a financial plan that communicates an organization's goals and provides a basis for performance control (Hansen & Mowen, 2018).

d. Cost-Volume-Profit Analysis (Cost-Volume-Profit Analysis)

CVP analysis helps business actors understand the relationship between costs, sales volume, and profits, and determine the business break-even point (Mulyadi, 2017).

e. Tactical Decision Making

Includes decisions such as accepting special orders, make or buy, maintaining or eliminating product lines, and allocating limited resources (Hansen & Mowen, 2018).

2.3 Factors Influencing the Implementation of Managerial Accounting in MSMEs

Based on the literature review, the factors that influence the application of managerial accounting in MSMEs can be grouped into:

a. Internal Factors

- Owner's education level and financial literacy (Giovanni & Lizarelli, 2017)

- Business size and operational complexity (Lavia López & Hiebl, 2015)
- Owners' attitudes and perceptions towards accounting (Sari & Rasuli, 2021)
- Business age and entrepreneurial experience (Jayasinghe, 2016)

b. External Factors

- Availability of access to training and mentoring (Yulmardi et al., 2020)
- Demands from financial institutions and other external parties (Haldma & Lääts, 2011)
- Government regulations regarding financial reporting of MSMEs (Indonesian Institute of Accountants, 2016)
- Local social and cultural environment (Peltonen, 2015)

2.4 Previous Research

Table 1. Summary of Previous Research

No	Researcher (Year) Title	Main results method
1.	Haldma & Lääts (2011) Contingencies influencing the management accounting practices of Estonian SMEs Quantitative survey	Business size, strategy, and competitive environment influence the application of management accounting.
2.	Lavia López & Hiebl (2015) Management accounting in SMEs: literature review and research	Agenda Systematic literature review Management accounting practices in MSMEs are informal and depend on the owner.
3.	Yulmardi, Ermayanti, & Sari (2020) Analysis of the Implementation of Management Accounting in MSMEs Qualitative Descriptive	MSMEs have not implemented management accounting optimally due to limited human resources.
4.	Sari & Rasuli (2021) Barriers to the Implementation of Management Accounting in MSMEs in West Sumatra Qualitative Phenomenology	Main obstacles: negative perception of accounting, low literacy, time constraints
5.	Giovanni & Lizarelli (2017) Management accounting practices in micro and small enterprises Case study Education	Owners have a significant influence on the implementation of management accounting practices
6.	Jayasinghe (2016) Management accounting practices in SMEs in developing countries Literature review	Cultural and institutional factors play an important role in MSME management accounting practices.
7.	Rahmawati & Kusumaningrum (2022) Application of Management Accounting in Culinary MSMEs in Central Java Descriptive Qualitative	Culinary MSMEs have not calculated the cost of goods sold and have not prepared a budget.
8.	Pratama & Hapsari (2023) Analysis of MSME Readiness in Implementing MSME SAK Mixed method	MSME readiness is still low, intensive assistance is needed

Contingency factors such as size, strategy, technology, and organizational environment (Otley, 1980; Chenhall, 2003). In the context of MSMEs in Kolaka Regency, contingency factors suspected of influencing the implementation of managerial accounting include the characteristics of business actors, business characteristics, socio-cultural environment, and access to resources.

3. RESEARCH METHODS

3.1 Research Approach and Type

This study uses a qualitative approach with a phenomenological method according to Creswell and Poth (2018). Phenomenology was chosen because this study aims to understand the meaning of the lived experiences of MSMEs related to the application of managerial accounting in their daily business management.

3.2 Location and Time of Research

The research was conducted in Kolaka Regency, Southeast Sulawesi Province, with a focus on three sub-districts with the highest concentration of MSMEs, namely:

- Kolaka District (trade and service center)
- Pomalaa District (center for mining and craft MSMEs)
- Latambaga District (culinary and fisheries MSME center)

The research period was carried out for 4 months, namely from March to June 2024.

3.3 Research Informants

Research informants were selected using purposive sampling techniques with the following criteria:

1. MSME actors domiciled and operating in Kolaka Regency
2. Have been running a business for at least 2 years
3. Having a workforce of less than 20 people
4. Willing to be an informant and provide information openly

Based on these criteria, 12 informants representing various business sectors were obtained. Data saturation was reached with the 10th informant, but the researchers continued interviews with the 12th informant to ensure completeness.

Table 2. Profile of Research Informants

Code	Business Sector	Gender	Last education	Length of Business	Subdistrict
INF-01	Culinary (Catering)	Woman	SENIOR HIGH SCHOOL	8 Years	Kolaka
INF-02	Culinary (food stalls)	Woman	JUNIOR HIGH SCHOOL	12 years old	Latambaga
INF-03	Crafts (Weaving)	Man	Elementary School	15 years	Pomalaa
INF-04	Trading (Grocery Store)	Woman	SENIOR HIGH SCHOOL	6 Years	Kolaka
INF-05	Fisheries (Fish Processing)	Man	SENIOR HIGH SCHOOL	10 years	Latambaga
INF-06	Culinary (Cake Making)	Woman	D3	4 years	Kolaka
INF-07	Trading (Building Materials)	Man	S1	5 years	Pomalaa
INF-08	Services (Workshop)	Man	Vocational School	7 Years	Kolaka
INF-09	Agriculture (Cocoa Processing)	Man	SENIOR HIGH SCHOOL	9 Years	Latambaga
INF-10	Crafts (Convection)	Woman	SENIOR HIGH SCHOOL	3 years	Kolaka
INF-11	Culinary (Coffee Shop)	Man	S1	2 years	Kolaka
INF-12	Agriculture (Fishermen/Processing)	Man	Elementary School	20 years	Latambaga

3.4 Data Collection Techniques

a. In-depth Interview (In-depth Interview)

Interviews were conducted face-to-face using a semi-structured interview guide. Each session lasted between 60 and 90 minutes and was recorded with the informant's permission. Interviews were conducted in Indonesian and/or regional languages (Tolaki/Bugis) according to the informant's preference, with the assistance of a translator if necessary.

b. Participatory Observation

Researchers conducted direct observations at business locations to observe daily operational processes and financial management. Observations were conducted for 2-3 days at each business location.

c. Documentation

Researchers collect supporting documents such as financial records (if any), purchase notes, proof of transactions, and business licensing documents.

3.5 Data Analysis Techniques

Data analysis was carried out using the Miles, Huberman, and Saldaña (2014) model which consists of three stages:

1. Data Condensation: The process of selecting, focusing, simplifying, and abstracting data from field notes.
2. Data Presentation (Data Display): Presenting condensed data in the form of narratives, matrices, graphs, or charts.
3. Conclusion Drawing/Verification: Drawing initial conclusions and verifying them by returning to the field data.

3.6 Data Validity

Data validity is guaranteed through:

1. Source Triangulation: Comparing information from various informants with different backgrounds.
2. Triangulation Technique: Comparing the results of interviews, observations, and documentation.
3. Extension of Observation: Researchers return to the field to verify initial findings.
4. Member Checking: Reconfirming the interview results with the informant to ensure the accuracy of the researcher's interpretation.

4. RESULTS AND DISCUSSION

4.1 General Overview of MSMEs in Kolaka Regency

MSMEs in Kolaka Regency are spread across various economic sectors. The most dominant sectors are culinary, trade, and fisheries, reflecting the economic characteristics of coastal areas with abundant marine resources. Furthermore, MSMEs also exist in the crafts, services, and agricultural/plantation processing sectors, particularly cocoa. The majority of MSMEs in Kolaka Regency are family businesses, run from generation to generation. Their capital generally comes from personal savings, family loans, or credit from microfinance institutions. Most MSME owners have a secondary or lower education level and have not received formal training in management or accounting.

4.2 Research Findings

Based on in-depth interviews, observations, and documentation, researchers identified six key themes of managerial accounting issues faced by MSMEs in Kolaka Regency. The following is a complete presentation of the findings, along with interview excerpts.

THEME 1: Mixing Personal and Business Finances

All informants (12 out of 12) admitted that they did not separate their personal and business finances. The proceeds from the sale of their businesses were used directly to cover household expenses without proper record-keeping. The same wallet or bank account was used for both personal and business transactions.

Interview Excerpt:

INF-01 (Catering, Kolaka):

"I mix the money from the catering, Miss. If the kids ask for pocket money, I take it from there. If they need to buy ingredients for tomorrow's catering, I take it from there too. I don't have a separate account. It's a hassle to have two accounts, and it'll be confusing."

INF-02 (Food Stall, Latambaga):

"It's always been like that, son. I use the money in the shop drawer for everything. I pay for the electricity bill, buy rice for the house, pay for the kids' school fees, it all comes from there. I don't know which is the shop's money and which is the house's money. The important thing is that I still have money for tomorrow's shopping, so I can still go."

INF-04 (Grocery Store, Kolaka):

"I admit it was a mistake, but it's hard to separate them. Every day there are sudden needs at home. Sometimes customers pay off debts, and I use the money straight away to pay my children's school fees. Later, I remember, 'Oh, that's supposed to be the store's money.'"

INF-12 (Fishermen/Fish Processors, Latambaga):

"Fishermen's income is uncertain, Sis. Sometimes they get a lot, sometimes they don't get any at all. So the money they have is used for whatever is needed. It can't be separated, otherwise if they get sick or have an urgent need, where will they get it from?"

Observation:

Based on observations at the INF-02 business location, researchers observed that sales proceeds were placed directly into a single drawer without any separation. When the informant's child came to ask for money to buy school books, the informant immediately withdrew the money from the drawer without recording it as a personal withdrawal. A similar situation was observed at the INF-04 business, where the store cash was used to pay for various household needs.

THEME 2: Absence of a Production Cost Recording System

Most informants (10 out of 12) did not systematically record production costs. They were unfamiliar with the concept of cost classification (raw material costs, labor costs, overhead costs) and did not formally calculate the cost of goods manufactured (COGS). Only two informants (INF-07 and INF-11) with higher education (Bachelor's degree) recorded costs, although it was still very rudimentary.

Interview Excerpt:

INF-01 (Catering, Kolaka):

"I don't calculate costs in such detail. All I know is how much I buy ingredients at the market and how much I get for selling the food. If there's still money left over after buying ingredients for tomorrow, that means I've made a profit. But when it comes to calculating gas, electricity, and my own labor, I can't. I don't understand those formulas."

INF-03 (Anyaman, Pomalaa):

"I've been weaving since I was little, learning from my parents. I get the bamboo from my own garden, so I don't spend any money. I only count the costs of buying paint or nails. I don't count my own labor, because I work for myself. If I try to calculate it, it'll just be a headache."

INF-05 (Fish Processing, Latambaga):

"What costs need to be calculated? I buy fish from fishermen, clean it, smoke it, and then sell it. I only record how many kilos of fish I buy and how much it costs. I estimate spices like salt and turmeric; I don't record every gram."

INF-06 (Cake Making, Kolaka):

"When I was in college, I studied basic accounting, but not in that much detail. Sometimes I try to write down the cake ingredients I use, but I often forget or get too lazy. Especially when I have a lot of orders, I don't have time to write them down."

INF-08 (Workshop, Kolaka):

"In this workshop, I only record the oil and spare parts I buy. But I never calculate the electricity costs for welding, water costs, and rental costs per service. Basically, if I still have money at the end of the month, it means I'm still running."

Observation:

At INF-01, researchers found that informants only recorded total daily expenses for purchasing ingredients at the market, without detailing the types of ingredients and quantities. There were no records of gas, electricity, packaging, or transportation costs. At INF-05, researchers found simple notes scribbled on a wall calendar that only listed the total daily fish purchases without detailing other processing costs.

THEME 3: Lack of Planning and Budgeting

All informants (12 out of 12) stated that they had never prepared a budget or financial plan for their businesses. Business activities were run based on daily needs without short-, medium-, or long-term planning. There were no written sales targets, profit targets, or investment plans.

Interview Excerpt:

INF-02 (Food Stall, Latambaga):

"What's a budget? I've never heard of it. I cook every day according to my habits. If yesterday's chicken ran out, I'll cook more chicken today. If yesterday's rice was left over, I'll use less rice today. It's just like that every day, no need for plans."

INF-04 (Grocery Store, Kolaka):

"Financial plan? Never had one. I just bought what was out of stock. If a customer asked for something I didn't have, I'd buy it. I didn't have a target for how many I had to sell in a day. The important thing was that I could eat and pay my bills."

INF-07 (Building Materials, Pomalaa):

"I actually know that planning is important; I'm a graduate. But to be honest, my business is still small and very volatile. Sometimes I have a big project, sometimes it's quiet for months. So it's difficult to create a definite budget. I usually just estimate in my head how much capital I'll need this month."

INF-09 (Cocoa Processing, Latambaga):

"We cocoa farmers depend on the seasons. When we harvest, we get a lot of money. When we don't, we have to be frugal. But we never make a written plan. It's just something in our heads, because it's just me and my wife who implement it."

INF-10 (Convection, Kolaka):

"I only sew clothes when I have orders. I never set a target for how many orders I have per month. If it's quiet, it's quiet; if it's busy, thank God. I don't dare stock a lot because my capital is limited."

Observation:

During observations at all business locations, researchers found no planning documents, budgets, or business targets of any kind. There were no records of revenue projections, expenditure plans, or investment plans. All operational decisions were made spontaneously based on immediate needs.

THEME 4: Determining Selling Prices Without a Calculation Basis The majority of informants (10 out of 12) determine the selling prices of their products/services without basing them on accurate cost calculations. The most common methods used are:

- Following market/competitor prices (done by 7 informants)
- Adding a little to the purchase price of the ingredients (done by 5 informants)
- Using feeling/experience (done by 4 informants)

Some informants used a combination of the above methods. Only INF-07 and INF-11 performed a simple cost calculation before determining the selling price.

Interview Excerpt:

INF-01 (Catering, Kolaka):

"My catering prices just follow the others. In Kolaka, the price for a boxed meal is usually twenty to twenty-five thousand, so I set it at that price too. I don't dare to go any higher, or no one will order. I also don't know the exact cost per box."

INF-03 (Anyaman, Pomalaa):

"I just look at the prices of my woven goods at the market. If other people sell baskets for fifty thousand, I sell them for fifty thousand too. Sometimes, if the bamboo material is hard to find, I increase it a little to sixty thousand. But I don't count how many hours I work making one basket."

INF-05 (Fish Processing, Latambaga):

"I sell smoked fish by the kilo. I base my price on the price of raw fish from the fishermen, then add a little for firewood and labor. But the exact amount is just an estimate. Sometimes, if the fish is expensive, I raise the price of smoked fish. If the fish is cheap, I lower it."

INF-11 (Coffee Shop, Kolaka):

"For me, it's a bit different because I did study business during college. I tried to calculate the cost per cup of coffee, including coffee beans, sugar, milk, cup, straw, electricity, and rental. But to be honest, my calculations weren't very detailed. I used a rough estimate and then marked up about 40-50%. Then, I compared it to the prices of other coffee shops in Kolaka and adjusted it slightly." **Observation:**

Researchers observed that in Kolaka's traditional markets, prices for MSME products tend to be consistent across vendors, indicating that pricing is based more on market conventions than individual cost calculations. This potentially leads some vendors to sell below cost without realizing it.

THEME 5: Minimal Utilization of Accounting Information in Decision Making

All informants (12 out of 12) admitted that they did not use accounting information as a basis for business decisions. Important decisions such as adding new products, expanding their business, purchasing equipment, or changing marketing strategies were made based on intuition, experience, and advice from family or fellow entrepreneurs.

Interview Excerpt:

INF-04 (Grocery Store, Kolaka):

"If I want to add more merchandise, I just ask customers what they're looking for. Or I see what's selling in the shop next door, and then I sell it too. I never look at the financial records, because detailed financial records don't exist."

INF-06 (Cake Making, Kolaka):

"When I decided to start selling cakes online, it was because a friend of mine told me online sales were booming. I didn't do a profit-and-loss analysis first. I just gave it a try, took photos of the cakes on my phone, and posted them on Facebook and Instagram. Thankfully, I got orders."

INF-08 (Workshop, Kolaka):

"Last year, I bought a new welding machine. That was because the old one kept breaking down, not because I first calculated whether the investment in a new machine would be profitable or not. Well, what can I do? If the machine keeps breaking down, the work can't get done."

INF-09 (Cocoa Processing, Latambaga):

"Whether I wanted to buy a cocoa drying machine or not was something I decided on my own. I asked my neighbors who already had one. There were no calculations on paper. Basically, if I had the extra money and really needed it, I'd buy it."

INF-10 (Convection, Kolaka):

"I once received an order for 200 uniforms from an office. I accepted it immediately, without thinking about whether I could finish it on time. It turned out to be a mess, requiring weeks of late nights, and the quality was poor. I should have thought it through before accepting it."

INF-11 (Coffee Shop, Kolaka):

"I admit, even though I have a business background, in practice I rely more on gut feeling. For example, when I want to add a new menu item, I think about what would pair well with the coffee, rather than looking at sales data first. It wasn't until recently that I started tracking sales per item to see which ones are selling well."

Observation:

During observations, researchers observed that daily operational decisions were made spontaneously without reference to any data. When asked why they made certain decisions, informants typically responded, "That's just how it usually is" or "People say it's good."

THEME 6: Weak Business Performance Evaluation

All informants (12 out of 12) did not conduct regular and systematic business performance evaluations. They lacked clear success indicators and did not compare performance across periods. Assessments of business "success" were subjective and based on gut feelings.

Interview Excerpt:

INF-01 (Catering, Kolaka):

"How do I know if my business is progressing or not? Well, if I can still make payments and eat, it's still going. If I have to borrow money to buy ingredients, it's not doing so well. But I never compare this month to last month in detail."

INF-02 (Food Stall, Latambaga):

"What's an evaluation? I never do it. I cook, people come over to eat, and I'm a neighbor who already has one. There's no paperwork involved. Basically, if I have extra money and I need it, I buy it."

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INF-02 (Food Stall, Latambaga):

"What's an evaluation? I never do one. I cook, people come to eat, I get money. The next day, it's the same again. Sometimes it's busy, sometimes it's quiet. Well, that's what a small business is like. If it's busy, I'm grateful, if it's quiet, I'm patient."

INF-05 (Fish Processing, Latambaga):

"What I know is that when the fishing season is good, I earn more. When the west wind season comes, I can't go out to sea, so I don't earn any money. But I never make a year-end report or anything like that. I don't have the time and I don't know how."

INF-07 (Building Materials, Pomalaa):

"I actually want to conduct an evaluation, but the data isn't there. Purchase records are on stacks of receipts. Sales records are in worn notebooks. I don't have time to summarize them one by one. There's no one to direct any of the employees either."

INF-12 (Fishermen/Fish Processors, Latambaga):

"I've been a fisherman for 20 years. Whether this year is good or not is up to me. If I can buy rice every day and the kids can go to school, that's okay. I don't need reports like that."

Observation:

Researchers found no performance evaluation documents, profit and loss statements, balance sheets, or other financial reports at any of the businesses studied. There were no sales graphs, no trend analysis, and no performance comparisons between periods.

4.3 Factors Causing Problems

Based on the analysis of all collected data, researchers identified several factors that caused managerial accounting problems in MSMES in Kolaka Regency:

4.3.1 Education and Financial Literacy Factors

The majority of informants (8 out of 12) had a secondary or lower education level (elementary, middle, or high school). This resulted in a poor understanding of accounting and management concepts. Even informants with a higher education (bachelor's degree) admitted that they did not apply their accounting knowledge because they felt their businesses were too small to require complex systems.

INF-07 (Building Materials, Pomalaa):

"I'm an economics graduate, but honestly, all I remember from college is the theory. In practice, my business is very different from the companies in textbooks. Here, I have to be the cashier, the salesperson, the porter—all by myself. I don't have time to prepare accounting reports."

4.3.2 Cultural Factors and Local Wisdom

The strong family culture in Kolaka society also influences business management patterns. Separating personal and business finances is considered unnecessary because businesses are essentially run for the benefit of the family. The concept of "rezeki" (fortune) also plays a significant role, with entrepreneurs believing that business outcomes are predetermined by God, making financial planning less relevant.

INF-02 (Food Stall, Latambaga):

"We're from Sulawesi, family comes first. This business is for the family, so it's natural that the money is used for the family. If we separate it, it's like we're not even family. Our fortune is already determined, so the important thing is that we work hard and honestly."

INF-12 (Fishermen/Fish Processors, Latambaga):

"Fishermen live off the sea. We accept whatever the sea gives us. It can't be forced, it can't be planned. So why make a budget? The important thing is to be grateful for what we get."

4.3.3 Time and Resource Limitation Factors

MSMEs in Kolaka Regency generally hold multiple roles in their businesses, from owner, manager, producer, seller, to cashier. Time and energy constraints prevent them from having the capacity to maintain adequate financial records and analysis.

INF-06 (Cake Making, Kolaka):

"I make the cakes myself, sell them myself, deliver them myself, and even clean them myself. I wake up at dawn to bake, deliver orders at noon, shop for ingredients in the afternoon, and wash the equipment at night. When is it time to sit down and prepare a financial report?"

INF-08 (Workshop, Kolaka):

"There's only me and one assistant in my workshop. From morning till evening I'm downstairs, my hands black with oil. I want to take notes, my hands get dirty, and my books get dirty too. By nightfall I'm tired, I just want to sleep."

4.3.4 Access to Training and Mentoring Factors Most informants (10 out of 12) stated that they had never received formal accounting or financial management training. Those who had received training generally did so only once, and there was no follow-up or ongoing mentoring.

INF-01 (Catering, Kolaka):

"There was training from the department, but it only lasted one day. They taught me how to do simple bookkeeping. But after the training was over, I was at a loss for where to start. No one came to help anymore. So I went back to my old ways."

INF-03 (Anyaman, Pomalaa):

"There's never been any training like that in my village. There's training on how to weave new patterns, but there's never been any training on how to count money. If anyone wants to come here and teach us, we're willing to learn."

4.3.5 Perception Factors towards Accounting

There's a misconception among MSMEs that accounting is only necessary for large companies and that it's complex and time-consuming. This perception makes them reluctant to learn and apply managerial accounting practices.

INF-04 (Grocery Store, Kolaka):

"Accounting is for big companies with lots of employees and lots of money. My shop is small, and I'm the only one running it. Why bother with accounting? It'll just be complicated and give you a headache."

INF-12 (Fishermen/Fish Processors, Latambaga):

"Just hearing the word accounting makes me dizzy. It's like math class in school. I'm a fisherman, not an accountant. The important thing is that I can feed my family."

4.4 Discussion

The findings of this study confirm previous research showing that the application of managerial accounting in MSMEs is still very limited. However, this study provides an additional contribution by providing a deeper understanding of the local context influencing the implementation of managerial accounting in Kolaka Regency. The mixing of personal and business finances found in this study aligns with the findings of Giovanni and Lizarelli (2017) and Sari and Rasuli (2021). However, in Kolaka Regency, this problem is exacerbated by a strong family culture, where financial separation is considered contrary to family values. This suggests that the mentoring approach applied must be sensitive to local cultural values. The lack of a cost recording system is a universal problem faced by MSMEs in various developing countries (Haldma & Lääts, 2011; Jayasinghe, 2016). In Kolaka Regency, this problem is exacerbated by the low level of education of MSMEs and limited time. These findings indicate the need to develop a very simple and practical cost recording system that can be integrated into the daily routine of business owners.

The lack of planning and budgeting indicates that MSMEs in Kolaka Regency operate in a "survival" mode rather than a "growth" mode. This aligns with the findings of Lavia López and Hiebl (2015) who stated that MSMEs tend to focus on daily operations without long-term planning. Determining selling prices without a basis for calculation is a critical issue that can threaten business continuity. Businesses who sell below cost without realizing it are essentially experiencing hidden losses that will slowly erode business capital. This finding is consistent with research by Rahmawati and Kusumaningrum (2022). The minimal use of accounting information in decision making shows that MSME actors in Kolaka Regency rely on heuristics (mental shortcuts). rational analysis in making business decisions. Although heuristics can be effective in certain situations, over-reliance on them can lead to cognitive biases and suboptimal decisions (Kahneman, 2011).

Weak performance evaluation indicates that MSMEs lack a feedback mechanism to help them identify their business strengths, weaknesses, opportunities, and threats. Without systematic evaluation, businesses struggle to learn from experience and make continuous improvements.

From the perspective of contingency theory (Otley, 1980; Chenhall, 2003), the findings of this study indicate that an appropriate managerial accounting system for MSMEs in Kolaka Regency must be adapted to local contingency factors, including: relatively low levels of education of business actors, strong family culture, limited time and resources, and fluctuating and seasonal business characteristics.

4.5 Conceptual Model of Managerial Accounting Problems of MSMEs in Kolaka Regency

Based on the research findings, the researcher developed a conceptual model that describes the relationship between causal factors and managerial accounting problems:

Text

CAUSAL FACTORS: MANAGERIAL ACCOUNTING PROBLEMS:
Low Education 1. Financial Mixing & Personal & Business Financial Literacy
2. Absence of Recording Culture & Wisdom of Production Costs Local
3. No Planning & Budgeting Time Limitation & Resource
4. Unreasonable Selling Price Calculation
Minimal Access Training 5. Minimal Utilization of Information Accountancy
Negative Perception 6. Weak Evaluation regarding Performance Accounting

5. CONCLUSION AND SUGGESTIONS

5.1 Conclusion

Based on the research results and discussion, the following conclusions can be drawn:

1. Managerial accounting among MSMEs in Kolaka Regency remains very low. The majority of entrepreneurs are unfamiliar with basic managerial accounting concepts such as entity separation, cost classification, budgeting, and performance evaluation. Even entrepreneurs with higher educational backgrounds in economics admit they don't apply managerial accounting knowledge to their day-to-day business management.
2. There are six main managerial accounting problems faced by MSMEs in Kolaka Regency, namely: (a) mixing personal and business finances, (b) the absence of a production cost recording system, (c) the absence of planning and budgeting, (d) determining selling prices without a basis for calculation, (e) minimal use of accounting information in decision making, and (f) weak evaluation of business performance.
3. The factors causing these problems are multidimensional, including: low levels of education and financial literacy, a strong family culture, limited time and resources, minimal access to training and mentoring, and negative perceptions of accounting.

5.2 Suggestions

a. For MSMEs:

1. Start getting used to separating personal and business finances, even if it's simple, for example by using two wallets or two different bank accounts.

2. Record every financial transaction, at least daily income and expenses, using a notebook or financial recording application on your smartphone.
 3. Learn to calculate production costs simply to determine more accurate selling prices.
- b. For the Kolaka Regency Government:
1. Developing a managerial accounting training program specifically designed for MSMEs with practical, simple, and contextual materials.
 2. Providing ongoing mentoring services through MSME mentors who are trained in accounting and management.
 3. Integrating managerial accounting training into existing MSME development programs.
 4. Facilitating the formation of a community of MSME actors as a forum for sharing experiences and supporting each other.
- c. For Higher Education:
1. Increase community service programs that focus on managerial accounting assistance for MSMEs.
 2. Develop a simple managerial accounting training module tailored to the characteristics and needs of MSMEs in Kolaka Regency.
 3. Involve students in MSME internship and mentoring programs as part of the Independent Learning Campus (MBKM) curriculum.
- d. For further researchers:
1. This research can be developed using a mixed method approach to quantitatively test the relationship between causal factors and the level of application of managerial accounting.
 2. Can examine the effectiveness of the managerial accounting mentoring program on the performance of MSMEs in Kolaka Regency.
 3. Can expand the scope of research to other districts/cities in Southeast Sulawesi to get a more comprehensive picture.
 4. Can research the development of a managerial accounting model based on local wisdom that is appropriate to the socio-cultural characteristics of the Kolaka community.

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