

CULTURAL INFLUENCE AND COMPLIANCE: MSME'S ADOPTION OF FAS MSME'S FOR FINANCIAL REPORTS



<https://journal.unpas.ac.id/index.php/jrak/index>

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Article Info

History of Article

Received: 30/1/2025

Revised: 20/3/2025

Accepted: 24/3/2025

Available Online: 28/4/2025


Jurnal Riset Akuntansi Kontemporer

Volume 17, No. 1, April 2025,

Page 197-209

ISSN 2088-5091 (Print)

ISSN 2597-6826 (Online)

 <https://doi.org/10.23969/jrak.v17i2.22508>

Keywords: intention to adoption; perception of benefit; perception of obstacles; menyama braya; financial accounting standards

Abstract

Many MSMEs in Bali are still unaware of the Financial Accounting Standards for MSMEs (FAS MSMEs), which are crucial for decision-making. Limited human resources hinder their ability to prepare structured financial reports. This study examines the influence of perceived benefits and obstacles on MSMEs' intention to adopt FAS MSMEs, with *Menyama Braya* as a moderating variable. Based on 200 MSME respondents using Moderated Regression Analysis (MRA), the findings indicate that perceived obstacles and *Menyama Braya* positively affect the intention to adopt FAS MSMEs, and *Menyama Braya* also strengthens the impact of perceived obstacles. However, perceived benefits have no effect, nor does *Menyama Braya* moderate their influence. To enhance adoption intentions, the government and MSME associations can provide training, incentives, and assistance to help MSMEs overcome barriers without diminishing their urgency. The role of *Menyama Braya* suggests that community-based approaches, such as peer support and group education.

INTRODUCTION

The role of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia's economy is highly significant. With the growth of MSMEs, a country can achieve self-sufficiency by producing, trading, and consuming what it generates. MSMEs play a crucial role in job creation, poverty reduction, and local economic empowerment (Hariadi et al., 2022). In various regions, MSMEs serve as the primary

source of local economic activity, sustaining long-term economic growth and stability (El-Halaby et al., 2020). In Bali's economy, the number of MSMEs has been growing rapidly. This growth has increased employment opportunities, reduced poverty, and effectively promoted local economic empowerment. Communities involved in MSMEs remain enthusiastic about innovating and producing goods and services needed by society (Arraya, 2024). Saraswati (2021) and Desmiyawati et al., (2023) highlights that the success of MSMEs plays a crucial role in enhancing local economic well-being. Building on this argument, the findings of this study suggest that MSME success not only fosters a broader entrepreneurial spirit but also strengthens regional economic resilience and serves as a model for other regions in Indonesia (Gozali et al., 2024).

Xin et al. (2024) emphasize that limited human resources pose a significant challenge for MSMEs in managing their finances. Aligning with this perspective, the findings of this study indicate that such limitations lead to inadequate financial reporting, which in turn hampers informed business decision-making. MSMEs' financial statements are prepared based on SAK EMKM (Indonesian Financial Accounting Standards for Micro, Small, and Medium Entities). These reports are crucial for decision-making (Saifurrahman & Kassim, 2024). Additionally, SAK EMKM is essential for performance evaluation, obtaining funding, tax compliance, business planning, monitoring operational efficiency, and enhancing transparency and accountability (Arraya, 2024). Hermawati et al. (2019) and Sitaniapessy et al. (2022) highlight the crucial role of financial reports in mitigating risks faced by MSMEs. Building on their findings, this study underscores that the absence of such reports can lead to challenges in planning and decision-making, missed funding opportunities, and difficulties in identifying potential financial risks, such as cash flow shortages or excessive debt burdens, which may result in future financial problems.

Given these negative impacts, MSMEs must prioritize the preparation of accurate and structured financial reports in accordance with applicable financial accounting standards, including SAK EMKM (Saifurrahman & Kassim, 2024). This will help MSMEs manage their businesses more effectively and support long-term growth and sustainability (Xin et al., 2024). The intention of MSME owners to adopt financial reporting under SAK EMKM is influenced by their perception of the benefits and obstacles involved. Based on findings Hernandez-Ortega, B. (2020) and Laundon, Cathcart and McDonald (2019) the cost considerations of report preparation, such as training human resources or hiring professional accountants, compared to perceived obstacles, can hinder MSMEs from maintaining regular financial reporting (Laundon et al., 2019). Although many MSMEs recognize the importance of financial reporting based on SAK EMKM for business decision-making, the perceived obstacles can reduce their willingness to prepare these reports.

According to Tarjo et al. (2024), culture shapes an individual's thought patterns and habits, ultimately influencing their actions. This suggests that cultural factors play a significant role in determining a person's behavior. *Menyama braya*, a local wisdom in Balinese culture, emphasizes fraternal relationships marked by mutual respect and assistance in both joy and sorrow. This concept includes principles of community cooperation, collaboration for both collective and individual interests, care, and solidarity. By integrating *menyama braya* into financial practices, businesses can foster a sense of shared responsibility and mutual support. Implementing these values strengthens relationships within the community, creating a supportive and committed environment. When business owners and stakeholders conduct their enterprises with a mindset focused on mutual benefits, they are more likely to implement transparent and accountable financial reporting practices (Jena, 2024).

This collective approach not only improves the accuracy and reliability of financial reports but also builds trust and cooperation among community members. Ultimately, this contributes to the region's overall economic health and sustainability (Yuwono et al., 2025). The application of the *menyama braya* concept can enhance MSME owners' intentions to prepare financial reports despite various challenges. This concept encourages the formation of relationships based on shared needs, collective decision-making, and increased tolerance in daily life. By fostering a sense of connection and common purpose, *menyama braya* helps MSME owners recognize the importance of maintaining accurate and transparent financial records for the benefit of the broader community. Sitiari, Amerta and Martadiani (2022) emphasize that *menyama braya* not only strengthens social networks but also fosters

the motivation and collaboration necessary for implementing accurate and transparent financial reporting. Their findings suggest that when MSME owners feel supported by their peers and understand the collective benefits of good financial practices, they are more likely to overcome obstacles and commit to more comprehensive financial reporting.

Based on the discussion above, an in-depth analysis is needed regarding the intentions of MSME owners in Denpasar City to prepare SAK EMKM financial reports. Factors suspected to influence a person's behavioral intention include their perception of something, which can be either benefits or obstacles (Wedhana and Mahyuni, 2023). The findings of Wedhana and Mahyuni (2023) on individuals' intentions to use QRIS payment tools in Denpasar City indicate that perceived benefits positively affect behavioral intention, while perceived obstacles negatively affect intention. Research on factors influencing MSMEs' willingness to adopt SAK EMKM in Malang City conducted by Handika and Baridwan (2018) found that performance expectations, effort expectations, and facilitating conditions positively affect the intention to use SAK EMKM, while social influence does not positively affect the intention to use SAK EMKM. Research on the effect of perceived benefits on intention was also conducted by Xin et al. (2024), showing that perceived benefits positively influence a person's intention to use insurance. However, a different result was found by Zahiroh (2019), who discovered that perceived benefits do not influence a person's intention to use electronic money.

Many MSMEs in Bali still face limitations in preparing financial reports in accordance with SAK EMKM, even though structured reports are crucial for decision-making, access to financing, and financial transparency. Limited accounting knowledge, training costs, and lack of external motivation continue to hinder adoption, posing a risk to the competitiveness and sustainability of MSMEs. This study examines the influence of perceived benefits and obstacles on MSMEs' intention to adopt SAK EMKM, as well as the role of *menyama braya* in strengthening this intention, providing a foundation for more effective strategies to enhance compliance with accounting standards.

Based on this conceptual framework, six research questions are formulated regarding MSMEs' intention to adopt SAK EMKM. This study examines whether perceived benefits influence MSME owners' intention to prepare financial statements following SAK EMKM, followed by whether perceived obstacles affect their intention to do so. The next research question explores whether the *menyama braya* culture influences MSME owners' intention to adopt SAK EMKM. This study also explores the role of *menyama braya*, a Balinese local wisdom emphasizing mutual cooperation and solidarity, in shaping MSMEs' intention to adopt SAK EMKM. Furthermore, it analyzes whether *menyama braya* moderates the effect of perceived benefits on MSME owners' intention to prepare financial statements in accordance with SAK EMKM. Lastly, this study examines whether *menyama braya* moderates the effect of perceived obstacles on MSME owners' intention to adopt SAK EMKM. Through these research questions, this study aims to provide a deeper understanding of the factors influencing MSMEs' compliance with accounting standards, contributing to the development of more effective policies and support systems.

The primary theory underlying this research is the Theory of Planned Behavior (TPB), which serves as a fundamental framework for understanding the factors influencing decision-making and intentions. TPB explains that an individual's attitude toward a behavior is shaped by their beliefs about its consequences, evaluation of potential outcomes, subjective norms, normative beliefs, and motivation to comply with these norms (Akroush et al., 2019). According to TPB, an individual's intention to perform a behavior is influenced by three main factors: attitude toward the behavior, subjective norms, and perceived behavioral control.

The novelty of this research lies in the exploration of *menyama braya* as an independent variable as well as a moderating factor in assessing MSME owners' intentions to prepare financial reports. To date, no research has combined this cultural concept in both roles. Furthermore, this study introduces perceived benefits and obstacles as independent variables to examine their influence on MSME owners' intentions to comply with financial reporting standards.

The proposed hypotheses reflect the influence of perceived benefits, perceived obstacles, and the *Menyama Braya* culture on MSME actors' intention to adopt financial reports based on FAS MSMEs. First hypothesis states that the higher the perceived benefits, the greater the intention of MSMEs to

adopt FAS MSMEs financial reports. Conversely, second hypothesis suggests that the higher the perceived obstacles, the lower the intention to adopt such financial reports. Furthermore, third hypothesis argues that the Menyama Braya culture, which emphasizes solidarity and mutual cooperation, can encourage an increase in adoption intention. In addition, the Menyama Braya culture is also expected to play a moderating role, where fourth hypothesis states that this culture can strengthen the positive influence of perceived benefits on adoption intention, while fifth hypothesis posits that the Menyama Braya culture can mitigate the negative impact of perceived obstacles on adoption intention. Thus, this study highlights that individual factors (perceived benefits and obstacles) and socio-cultural factors (Menyama Braya) collectively influence MSME actors' decisions to adopt financial reports based on FAS MSMEs.

This study contributes by highlighting the crucial role of SAK EMKM financial reports as a foundation for business decision-making and ensuring MSME sustainability. Additionally, it emphasizes the importance of cultural values in shaping MSME owners' work ethics, reinforcing the idea that local wisdom can drive improved financial reporting practices (Rahyuda et al., 2018). Thus, this study aims to provide new insights into whether perceived benefits and perceived obstacles influence MSME owners' intentions to adopt SAK EMKM financial reporting, and whether menyama braya acts as a factor that strengthens this relationship. Conceptual Model in this research presented below on figure 1:

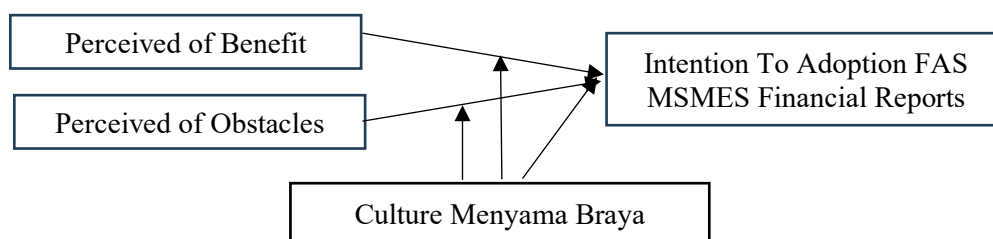


Figure 1. Conceptual Model

METHOD

This study follows a series of stages, beginning with data collection through the distribution of questionnaires to all MSME actors in Denpasar City. Once the responses are gathered, the next step involves assessing the validity and reliability of the questionnaire (Ghozali, 2021). Subsequently, the study is analyzed using Moderated Regression Analysis (MRA) to gain a comprehensive understanding of MSME actors's intentions in Denpasar City regarding the preparation of financial reports in accordance with FAS MSMEs. Menyama Braya is examined as a moderating variable, alongside perceptions of benefits and obstacles as independent variables. The research was conducted across various MSME locations throughout Denpasar City.

The use of statistical analysis in this study is justified based on data characteristics, particularly concerning measurement properties and distribution normality. The data collected through the questionnaire consists of responses measured using a Likert scale, which is ordinal but often treated as an interval scale in statistical analysis. Given the nature of the data and the study's objective of examining relationships between variables, Moderated Regression Analysis (MRA) was selected as the analytical method because it does not require strict assumptions regarding data normality and is suitable for exploratory research with small to medium sample sizes. Furthermore, validity and reliability tests ensure that the measurement instrument accurately captures the intended constructs, further supporting the application of statistical techniques in this study. The sampling procedure in this study was conducted using purposive sampling, with the criterion that respondents are MSME actors in Denpasar City who own active businesses and have experience in preparing or utilizing financial reports. The

sample was selected from four administrative regions of Denpasar City—South Denpasar, North Denpasar, West Denpasar, and East Denpasar—to ensure balanced representation. The criterion of respondent in this research presented below on table 1:

Table 1. Criterion of Purposive Sampling

No	Criterion
1	Respondents are MSME actors in Denpasar City (South Denpasar, North Denpasar, West Denpasar, and East Denpasar)
2	Respondents are active businesses
3	Respondents are have experience in preparing or utilizing financial reports

Based on the approach recommended by Tabachnick & Fidell (2013). the minimum sample size for this study was determined by multiplying the number of independent variables (2) by 25, resulting in a minimum of 50 respondents. The researcher then distributed questionnaires to one MSME manager per business that met the research criteria, targeting at least 50 respondents for further analysis.

The respondents in this study were 200 MSME managers. Although the sample size in this study was relatively small, statistical analysis, especially Moderated Regression Analysis (MRA), still provides significant benefits. Small sample sizes can produce meaningful insights when using statistical techniques designed for limited data. Moderated Regression Analysis (MRA) is particularly useful as it can handle small samples while maintaining predictive accuracy, making it suitable for exploratory studies with complex models (Tabachnick & Fidell, 2013). Additionally, statistical methods help estimate relationships between variables, identify patterns, and derive inferences that may be difficult to detect through qualitative analysis alone. By utilizing statistical tools, this study ensures that its findings are systematic and generalizable within the context of MSMEs in Denpasar City.

The perceived benefit variable in this study functions as an independent variable, referring to the extent to which individuals recognize the advantages of adopting a particular system, technology, or practice (Wedhana and Mahyuni, 2023). In this context, it relates to how MSME actors in Denpasar City perceive the benefits of implementing financial reporting in accordance with Financial Accounting Standards for Micro, Small, and Medium Entities (FAS MSMEs), which influences their willingness to adopt it. Measured using a Likert scale, perceived usefulness is assessed through key indicators, including its ability to facilitate work by simplifying financial management, increase efficiency by reducing time and errors, provide benefits such as improved financial decision-making and access to funding, enhance effectiveness in business operations and strategic planning, and improve productivity by streamlining activities for business growth (Akroush et al., 2019). By evaluating these factors, this study aims to understand the impact of perceived usefulness on the intention of MSME actors to adopt standardized financial reporting.

The perceived obstacles variable in this study serves as an independent variable, representing the extent to which individuals recognize barriers that hinder the adoption or implementation of a particular system or practice (Wedhana and Mahyuni, 2023). In this context, it refers to the challenges MSME actors in Denpasar City perceive when preparing financial reports in accordance with Financial Accounting Standards for Micro, Small, and Medium Entities (FAS MSMEs), which may affect their willingness to comply with these standards. Measured using a Likert scale, perceived obstacles are assessed based on key indicators, including the time-consuming nature of financial reporting processes, the lack of facilitation in work execution, inefficiencies that arise due to complex reporting requirements, the limited potential for productivity improvement, and concerns regarding the confidentiality of business information when disclosing financial data (Çela et al., 2024). By analyzing these factors, this study aims to determine how perceived obstacles influence the intention of MSME actors to adopt standardized financial reporting practices.

The intention to adopt financial reports in accordance with Financial Accounting Standards for Micro, Small, and Medium Entities (FAS MSMEs) serves as the dependent variable in this study, representing the willingness and commitment of MSME actors in Denpasar City to implement standardized financial reporting practices. Intention, in this context, reflects the degree to which MSME

actors are motivated to adopt, apply, and consistently use financial reports based on FAS MSMEs in their business operations (Handika and Baridwan, 2018). Measured using a Likert scale, this variable is assessed through several key indicators, including the expressed interest or intention to adopt FAS MSMEs financial reports, the willingness to learn and understand the process of implementation, concrete plans to utilize these reports in future business periods, and proactive efforts to practice and improve financial reporting in accordance with FAS MSMEs (Handika and Baridwan (2018). By evaluating these aspects, this study seeks to determine the extent to which MSME actors are inclined to integrate standardized financial reporting into their business practices and identify potential factors influencing this adoption.

Menyama Braya, a concept deeply embedded in Balinese culture, serves as an essential social value emphasizing equality, brotherhood, and collective solidarity within a community. Rooted in cosmology and the philosophy of resilient living, Menyama Braya reflects the principles of sincerity, mutual assistance, and harmonious coexistence (Sitari et al., 2022). In this study, Menyama Braya is measured as an independent variable, representing the extent to which individuals embrace and practice these values in their daily interactions. The level of Menyama Braya is assessed using a Likert scale through several key indicators: prioritizing brotherly relationships by showing respect and support in both joyous and difficult times, upholding the principle of mutual cooperation in social and economic activities, fostering collaboration for both collective and individual interests, demonstrating care and solidarity toward others, building relationships based on mutual need and interdependence, making decisions through mutual agreement to ensure inclusivity, and promoting tolerance in daily interactions (Sitari et al., 2022). By evaluating these dimensions, this study aims to understand the role of Menyama Braya in shaping social cohesion and cooperative behavior within Balinese communities.

Based on the description of the definitions of each variable above, the summary of the operational definitions of the variables can be seen in Table 2:

Table 2. The Operational Definitions of The Variables

Variable	Indicators
Intention to Adopt Financial Reports	<ol style="list-style-type: none"> 1. The expressed interest or intention to adopt FAS MSMEs financial reports 2. The willingness to learn and understand the process of implementation 3. Concrete plans to utilize these reports in future business periods 4. Proactive efforts to practice 5. Improve financial reporting in accordance with FAS MSMEs
Perceived Benefit	<ol style="list-style-type: none"> 1. Ability to facilitate work by simplifying financial management 2. Increase efficiency by reducing time and errors 3. Provide benefits such as improved financial decision-making and access to funding 4. Enhance effectiveness in business operations and strategic planning 5. Improve productivity by streamlining activities for business growth
Perceived Obstacle	<ol style="list-style-type: none"> 1. The time-consuming nature of financial reporting processes 2. The lack of facilitation in work execution 3. Inefficiencies that arise due to complex reporting requirements 4. The limited potential for productivity improvement 5. Concerns regarding the confidentiality of business information when disclosing financial data
Menyama Braya	<ol style="list-style-type: none"> 1. Prioritizing brotherly relationships by showing respect 2. Support in both joyous and difficult times 3. Upholding the principle of mutual cooperation in social and economic activities 4. Fostering collaboration for both collective and individual interests 5. Demonstrating care and solidarity toward others 6. Building relationships based on mutual need and interdependence 7. Making decisions through mutual agreement to ensure inclusivity 8. Promoting tolerance in daily interactions

RESULTS

Outer model assessment is conducted to evaluate the validity and reliability of research indicators and latent variables. Validity is assessed using convergent validity and discriminant validity. A summary of the validity test results is presented below on table 3:

Table 3. Validity's Test

Statement Items	Pearson's Correlation	Sig.	α	Result's Tes
Y.1	0,957	0,00	0,05	Valid
Y.2	0,950	0,00	0,05	Valid
Y.3	0,954	0,00	0,05	Valid
Y.4	0,949	0,00	0,05	Valid
Y.5	0,946	0,00	0,05	Valid
X1.1	0,938	0,00	0,05	Valid
X1.2	0,948	0,00	0,05	Valid
X1.3	0,941	0,00	0,05	Valid
X1.4	0,939	0,00	0,05	Valid
X1.5	0,940	0,00	0,05	Valid
X2.1	0,928	0,00	0,05	Valid
X2.2	0,935	0,00	0,05	Valid
X2.3	0,948	0,00	0,05	Valid
X2.4	0,942	0,00	0,05	Valid
X2.5	0,940	0,00	0,05	Valid
Z.1	0,921	0,00	0,05	Valid
Z.2	0,942	0,00	0,05	Valid
Z.3	0,937	0,00	0,05	Valid
Z.4	0,932	0,00	0,05	Valid
Z.5	0,942	0,00	0,05	Valid
Z.6	0,941	0,00	0,05	Valid
Z.7	0,936	0,00	0,05	Valid

Based on the validity test results in Table 3, the correlation significance of all variables with their respective totals was found to be less than 0.05. This indicates that all variables and items are valid.

Table 4. Reliability's Test

Number	Variable	Alpha Cronbach	Standard Alpha	Result's Test
1	X1	0,968	0,6	Reliable
2	X2	0,966	0,6	Reliable
3	Y	0,974	0,6	Reliable
4	Z	0,967	0,6	Reliable

Based on the reliability test results in Table 4, it can be concluded that all data in the variables are reliable, as the Cronbach's alpha coefficient exceeds 0.6 overall. Therefore, the variables and items are considered reliable.

Table 5. Regression Analysis Results
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.168	.671		.250	.803
Perceived Benefits	.421	.066	.414	6.378	.000
Perceived Obstacles	.584	.066	.570	8.787	.000

a. Dependent Variable: Intention to Adopt FAS MSMEs Financial Reports

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20654.316	2	10327.158	2113.924	.000 ^b
	Residual	962.404	197	4.885		
	Total	21616.720	199			

a. Dependent Variable: Intention to Adopt FAS MSMEs Financial Reports

b. Predictors: (Constant), Perceived Benefits, Perceived Obstacles

The variables Perceived Benefits and Perceived Obstacles have a significant influence on Intention to Adopt FAS MSMEs Financial Reports, with regression coefficients of 0.421 and 0.584, respectively, and a p-value of 0.000 for both. Since the p-value is < 0.05 , it can be concluded that Perceived Benefits and Perceived Obstacles significantly contribute to explaining the variation in Intention to Adopt FAS MSMEs Financial Reports. These coefficients indicate that each 1-unit increase in Perceived Benefits will increase Intention to Adopt FAS MSMEs Financial Reports by 0.421, while each 1-unit increase in Perceived Obstacles will increase it by 0.584, assuming other factors remain constant, with Perceived Obstacles having a greater influence than Perceived Benefits. However, the constant in the model is not significant ($p = 0.803$), meaning that when Perceived Benefits and Perceived Obstacles are both zero, the model cannot significantly explain the value of Intention to Adopt FAS MSMEs Financial Reports, indicating that other factors also influence Intention to Adopt FAS MSMEs Financial Reports. The ANOVA test shows that the model as a whole is significant in explaining the dependent variable, with an F-value of 2113.924 and a p-value of 0.000, indicating that at least one independent variable has a significant effect on Intention to Adopt FAS MSMEs Financial Reports and that this model is better than a model without independent variables.

Table 6. R Square's Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.984 ^a	.968	.967	1.89533

Predictors: (Constant), Perceived Benefits, Perceived Obstacles

Based on Table 6, the R-square value of 0.968 indicates that the dependent variable is Intention to Adopt FAS MSMEs Financial Reports, which in this case is the intention of MSME actors in preparing FAS MSMEs financial reports, is influenced by 96.8% by the independent variables in this study namely, the Perception of Benefits and Perception of Obstacles among MSME actors. The remaining 3.2% is influenced by other variables outside the model in this study.

Table 7. Moderated Regression Analysis (MRA) Results

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig
1	(Constant)	-13.229	2.337		-5.662	.000
	Perceived Benefits	.256	.344	.252	.743	.459
	Perceived Obstacles	.963	.350	.941	2.755	.006
	Culture Menyama Braya	.852	.103	1.180	8.297	.000
	Perceived Benefits _ Intention to Adopt FAS MSMEs Financial Reports	-.004	.006	-.342	-.774	.440
	Perceived Obstacles _ Intention to Adopt FAS MSMEs Financial Reports	-.013	.006	-1.041	-2.307	.022

Dependent Variable: Y

Based on the regression results above, the resulting equation is:

$$I = \alpha + 0.256 + 0.963 + 0.852 - 0.004 (PB*MB) - 0.013 (PO*MB)$$

Based on the statistical test results, the coefficient value of the perceived benefit variable on adoption intention is 0.256, with a significance value of 0.459 ($>0,05$). These results indicate that perceived benefits do not have a significant effect on the intention of MSME actors to adopt FAS MSMEs financial reports. Based on the data analysis results, the first hypothesis is not supported. Although MSME actors may recognize the advantages of implementing these financial reports, the perceived benefits are not strong enough to drive their intention to adopt them. Therefore, the extent to which they perceive the benefits of Intention to Adopt FAS MSMEs Financial Reports does not influence their intention to comply with the reporting standards.

Conversely, the perceived obstacles variable has a coefficient value of 0.963, with a significance value of 0.006 ($\leq 0,05$), indicating that perceived obstacles have a positive and significant effect on MSME actors Intention to Adopt FAS MSMEs Financial Reports. Based on the data analysis results, the second hypothesis is not supported. The positive coefficient suggests that as the perception of obstacles increases, the intention to adopt these financial reports also rises. This may indicate that greater awareness of existing challenges actually encourages MSME actors to consider implementing standardized financial reporting, possibly due to external pressures or the need to enhance their business credibility. Therefore, effectively addressing perceived obstacles could play a crucial role in promoting the adoption of standardized financial reporting among MSMEs.

Furthermore, the Culture Menyama Braya variable on adoption intention has a coefficient value of 0.852, with a significance value of 0.000 ($\leq 0,05$), demonstrating that Menyama Braya has a positive and significant effect on MSME actors' intention to adopt FAS MSMEs financial reports. Based on the data analysis results, the third hypothesis is supported. These results confirm that the cultural value of Menyama Braya, which emphasizes solidarity and cooperation, plays a crucial role in encouraging compliance with financial reporting standards. The strong positive relationship suggests that fostering community-based support systems and collaboration can significantly enhance compliance. Therefore, integrating local cultural values such as Menyama Braya into policies and outreach programs could be an effective strategy to increase the adoption of standardized financial reporting practices among MSMEs.

The test results regarding the influence of the perceived benefits variable on adoption intention, with Menyama Braya as a moderating variable, show a coefficient value of -0.004 and a significance value of 0.440 ($>0,05$). Based on the data analysis results, the fourth hypothesis is not supported. This indicates that Menyama Braya does not moderate the relationship between perceived benefits and the intention of MSME actors to prepare FAS MSMEs financial reports. The negative coefficient suggests that the presence of Menyama Braya slightly weakens the relationship between perceived benefits and adoption intention, although the effect is not statistically significant. This finding implies that the cultural value of Menyama Braya may not play a meaningful role in strengthening MSME actors' perception of benefits when adopting FAS MSMEs financial reports. Therefore, further research is needed to explore other cultural or contextual factors that might have a stronger moderating effect.

Conversely, the test results regarding the influence of perceived obstacles on adoption intention, with Menyama Braya as a moderating variable, show a coefficient value of -0.013 and a significance value of 0.022 ($\leq 0,05$). Based on the data analysis results, the fifth hypothesis is supported. This indicates that Menyama Braya moderates (weakens) the impact of perceived obstacles on MSME actors' intention to adopt FAS MSMEs financial reports. The negative coefficient and significant p-value suggest that Menyama Braya effectively reduces the negative influence of perceived obstacles on adoption intention. This finding highlights the role of Menyama Braya in fostering collaboration and mutual support, helping MSME actors overcome financial reporting barriers.

DISCUSSION

Based on the statistical test results, the perception of benefits does not have a significant effect on the intention of MSME actors in Denpasar City to prepare FAS MSMEs financial reports. While MSME actors may recognize the advantages, they might not fully understand how to leverage these benefits or feel that they lack the necessary skills to do so. The perception of benefits alone is insufficient to drive intention, especially if they are uncertain about how to implement the required changes. Consequently, a low perception of benefits among MSME actors does not necessarily lead to the adoption of FAS MSMEs financial reports. This result is different from the research results of Wedhana and Mahyuni (2023) who found that the perception of benefits has an influence on a person's intentions.

Similarly, the perception of obstacles has a positive and significant effect on MSME actors' intention to prepare FAS MSMEs financial reports. The findings suggest that greater awareness of obstacles, such as difficulties in understanding accounting standards or limited resources, actually motivates MSME actors to overcome these challenges. Instead of discouraging adoption, perceived obstacles can serve as a driving force for MSME actors to implement FAS MSMEs financial reports properly, enhancing their business's professionalism and organization. This result differs from the research results of Wedhana and Mahyuni (2023) who found that the perception of obstacles did not have a significant influence on a person's intentions.

Menyama Braya, a concept in Balinese culture that emphasizes social relationships and community togetherness, has a positive and significant effect on the intention of MSME actors to prepare FAS MSMEs financial reports. This cultural value fosters a strong sense of social responsibility, where MSME actors feel motivated to adopt financial reports that comply with standards to maintain trust and reputation within their community. In communities that uphold Menyama Braya, implementing FAS MSMEs is not merely an administrative or technical matter but also an essential aspect of maintaining harmony and transparency in business practices. As a result, the stronger the Menyama Braya values held by MSME actors, the higher their intention to adopt FAS MSMEs financial reports.

However, Menyama Braya does not moderate the influence of perceived benefits on MSME actors' intention. This is because perceived benefits are generally evaluated rationally, based on objective assessments of the advantages gained from preparing FAS MSMEs financial reports. MSME actors tend to focus on measurable direct benefits, such as easier access to financing, enhanced business credibility, or increased operational efficiency. Since Menyama Braya is more related to social relationships and collectivity, it may not significantly influence or strengthen the perception of benefits, which are evaluated more rationally. Consequently, Menyama Braya does not have a strong enough moderating effect on perceived benefits in decision-making related to financial reporting.

Conversely, Menyama Braya moderates (weakens) the positive influence of perceived obstacles on MSME actors' intention to prepare FAS MSMEs financial reports. Without Menyama Braya, MSME actors may feel that the greater the obstacles they face such as regulatory challenges, limited access to information, or external pressure the stronger their intention to adopt FAS MSMEs financial reports to comply with external demands. However, in the presence of Menyama Braya, MSME actors may feel less pressured by these external obstacles, as social support within their community reduces the urgency to address challenges immediately. With a strong sense of togetherness and collective support, they tend to take a more relaxed approach in dealing with obstacles, which may, in turn, lower their intention to adopt financial reporting practices despite the challenges that remain. The results of this study are in line with the research conducted by Tarjo et al (2024), which states that culture influences a person's intention to act. Therefore, if the local government aims to encourage a group of people to adopt a certain policy/program, it is essential to understand the local culture to ensure that the strategies implemented align with the values and norms upheld by the community.

The findings of this study reinforce the argument put forward by Feng et al. (2024) that understanding the various obstacles perceived by MSME actors is crucial in facilitating the adoption of standardized financial reporting practices. This suggests that addressing these perceived obstacles is a

key factor in promoting wider implementation of financial reporting standards among MSMEs. Since perceived obstacles significantly impact MSME actors' intention to adopt these practices, policies aimed at reducing these barriers could be highly effective. For example, offering training that simplifies the process of preparing financial reports in compliance with standards, along with technical support to address specific challenges, can enhance MSMEs' willingness to adopt standardized financial reporting (Rahyuda et al., 2018).

Second, the cultural value of *Menyama Braya*, which emphasizes solidarity and cooperation, plays a crucial role in encouraging the adoption of standardized financial reports. Policies and initiatives that incorporate this local cultural value can help establish a community-based support system for MSMEs. For example, collaboration between government agencies, local community groups, and MSMEs can foster mutual trust and facilitate the adoption of financial reporting standards. Leveraging community support networks to raise awareness about the importance of financial reporting can further increase adoption rates, particularly in regions with strong cultural traditions (Rahyuda et al., 2018).

Moreover, external stakeholders, such as financial institutions including banks and other funding bodies, play a crucial role in encouraging MSMEs to adopt financial reporting standards (Sitaniapessy et al., 2022). These institutions can offer both financial incentives and technical assistance to help MSMEs overcome financial and technical barriers. By providing targeted support, such as subsidies for accounting software or access to expert consultants, financial institutions can significantly enhance MSMEs' capacity and motivation to adopt standardized financial practices (Ge et al., 2021).

In addition, fostering collaboration between MSMEs and relevant external parties is crucial for overcoming barriers to adopting financial reporting standards. This study indicates that cultural values like *Menyama Braya* can help mitigate the negative impact of perceived obstacles. Therefore, establishing networks or associations where MSMEs can share experiences and resources related to financial reporting can be an effective strategy. Such collaborative efforts can provide MSMEs with a sense of support and reduce the feeling of isolation when navigating the complexities of financial reporting.

Lastly, policy frameworks must be tailored to local contexts, considering not only technical aspects but also cultural and social factors. The findings suggest that integrating local cultural values into policymaking can enhance the effectiveness of these initiatives. Policies that acknowledge the significance of cultural values, such as *Menyama Braya*, can create a more inclusive and receptive environment for MSMEs, increasing their willingness to adopt standardized financial reporting practices.

CONCLUSION

The results of this study indicate that perceived benefits do not have a significant influence on MSME actors' intention to adopt FAS MSME financial reports, while perceived obstacles have a positive and significant effect on adoption intention. This suggests that the greater the perceived obstacles, the higher the intention to adopt, possibly due to external pressure or the need to adapt. Furthermore, the cultural value of *Menyama Braya* plays an important role in encouraging the intention to prepare FAS MSME financial reports, confirming that solidarity and cooperation within the community contribute to compliance with financial reporting standards. However, when *Menyama Braya* moderates the relationship between perceived benefits and adoption intention, the results are not significant, indicating that this cultural value does not strengthen the influence of perceived benefits. On the other hand, *Menyama Braya* as a moderating variable weakens the influence of perceived obstacles on MSME actors' intention to prepare FAS MSME financial reports, suggesting that in an environment with high solidarity, perceived obstacles tend to be more easily overcome.

The practical implications of this study indicate that perceived benefits have a positive but not significant relationship with MSME actors' adoption intention in preparing financial reports. Nevertheless, stakeholders such as the government and MSME associations still need to enhance MSME actors' understanding of the benefits of FAS MSME financial reports to optimize adoption. Additionally, this study presents an interesting finding, as perceived obstacles actually encourage

adoption intention. Therefore, policy strategies can focus on providing incentives, training, and assistance to reduce perceived obstacles without eliminating the urgency of adoption. The role of *Menyama Braya* in increasing compliance suggests that a community-based approach can be an effective strategy for promoting the use of accounting standards, such as through group-based education programs. However, this study has several limitations, including a sample scope limited to MSME actors in specific regions, making generalization to a broader context require caution. Moreover, this study solely employs a quantitative approach, which does not explore in depth the psychological or social factors that may influence adoption intention. Future research could consider qualitative or mixed-method approaches to gain more comprehensive insights.

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