

## Accounting Practices and Financial Accountability in Tourism-Based Small and Medium Enterprises in Bali

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### Abstract

Tourism-based small and medium enterprises (SMEs) play an important role in supporting local economic development in Bali. However, many SMEs still face challenges in implementing proper accounting practices and maintaining financial accountability. This study aims to examine accounting practices and financial accountability in tourism-based SMEs in Bali. The research employs a qualitative approach using interviews, observations, and document analysis to understand how SME owners manage their financial records and financial reporting activities.

The findings indicate that most tourism SMEs in Bali still rely on simple bookkeeping practices, primarily focusing on recording daily income and operational expenses. While these practices help business owners monitor financial activities, many SMEs have not yet implemented standardized accounting systems or prepared structured financial statements. Limited accounting knowledge, lack of financial literacy, and insufficient training are identified as major factors influencing the quality of financial reporting among SMEs. Despite these challenges, some tourism SMEs have begun adopting digital accounting tools and simplified financial reporting standards such as SAK EMKM to improve financial management and transparency. The study suggests that strengthening financial literacy, promoting accounting training programs, and encouraging the adoption of digital financial tools can improve financial accountability among tourism-based SMEs. Improving accounting practices will not only enhance business sustainability but also support the development of a more resilient tourism economy in Bali.

Keywords: Accounting Practices; Financial Accountability; Small and Medium Enterprises (SMEs); Tourism Industry; Bali.

### Introduction

Tourism plays a crucial role in the economic development of many regions around the world, particularly in destinations that rely heavily on tourism-related activities as a primary source of income. In Indonesia, Bali represents one of the most prominent tourism destinations, attracting millions of domestic and international visitors every year. The tourism sector in Bali significantly contributes to regional economic growth by supporting the development of tourism-based small and medium enterprises (SMEs), including accommodation services, restaurants, travel agencies, handicraft businesses, and other supporting industries. These enterprises play an important role in

generating employment opportunities and strengthening local economic resilience (Putri et al., 2024; Ayu et al., 2025).

Small and medium enterprises operating in tourism destinations require effective financial management to ensure business sustainability and competitiveness. Accounting practices are essential for providing accurate financial information that can support managerial decision-making, financial planning, and performance evaluation. In modern business environments, accounting is not only used as a financial recording system but also as a strategic tool that helps organizations manage operational efficiency and business performance (Piratih et al., 2024).

For tourism-based SMEs, proper accounting practices are closely related to financial accountability. Financial accountability refers to the responsibility of business owners or managers to manage financial resources transparently and report financial activities accurately. Transparent financial reporting allows business stakeholders, including investors, creditors, and government institutions, to evaluate business performance and ensure that financial resources are managed responsibly. In the context of SMEs, financial accountability is also important for improving access to financing and strengthening business sustainability (Paramitha et al., 2024).

However, many SMEs still face significant challenges in implementing proper accounting systems. Limited accounting knowledge, lack of financial literacy, and insufficient access to accounting tools often prevent small business owners from preparing systematic financial reports. Studies on Indonesian SMEs indicate that accounting knowledge and education significantly influence the adoption of accounting practices within small businesses (Marita & Nurasik, 2024).

In the context of Bali's tourism economy, the implementation of accounting practices among SMEs becomes even more important due to the dynamic nature of the tourism industry. Tourism businesses must manage fluctuating revenues, seasonal demand, and increasing competition from global tourism markets. Effective accounting systems can help business owners monitor financial performance, control operational costs, and make strategic decisions that support long-term business sustainability (Putri et al., 2024).

Furthermore, recent studies in Bali highlight the growing importance of innovative and sustainability-oriented accounting practices within tourism businesses. Accounting systems are increasingly expected to support not only financial performance but also environmental and social accountability, particularly in tourism destinations that depend heavily on natural and cultural resources. For example, the implementation of sustainability accounting and green accounting

practices in Bali's tourism sector has been identified as an important approach to balancing economic growth with environmental responsibility (Yulianthi, 2025; Sukma & Prayudi, 2025).

Despite the growing importance of accounting practices and financial accountability in tourism-based SMEs, empirical understanding of how these practices are implemented at the local level remains limited. Many small businesses still rely on informal financial recording systems, which may reduce transparency and limit their ability to evaluate business performance effectively. Therefore, exploring how accounting practices are applied within tourism-based SMEs in Bali is important to understand how financial accountability is maintained and how accounting information supports business sustainability.

Based on these considerations, this study aims to examine accounting practices and financial accountability in tourism-based small and medium enterprises in Bali. By exploring how SMEs manage financial records, prepare financial reports, and maintain financial accountability, this study seeks to provide insights into the role of accounting in supporting sustainable tourism business development in Bali.

## **Literature Review**

### **Accounting Practices in Small and Medium Enterprises**

Accounting practices play an important role in supporting the sustainability and growth of small and medium enterprises (SMEs). Accounting systems allow business owners to record financial transactions systematically, prepare financial statements, and evaluate business performance. Effective accounting practices also help organizations maintain financial control and support strategic decision-making processes (Atrill & McLaney, 2021).

For SMEs, accounting practices are often simpler compared to those used by large corporations. However, basic accounting functions such as recording revenues, expenses, assets, and liabilities remain essential for ensuring financial transparency and operational efficiency. Research indicates that SMEs that implement proper accounting systems tend to have better financial management and improved business sustainability (Nandan, 2021).

In developing countries, many SMEs still face challenges in implementing proper accounting systems due to limited financial literacy, lack of accounting training, and insufficient technological resources. Studies in Indonesia show that many small business owners rely on simple bookkeeping methods and informal financial recording systems, which may limit their ability to generate

reliable financial reports (Rudiantoro & Siregar, 2020; Marita & Nurasik, 2024).

The Indonesian government has introduced the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) to support SMEs in preparing financial reports that are simpler and more accessible. The adoption of SAK EMKM aims to improve the quality of financial reporting among SMEs and enhance their access to financing institutions such as banks and investors (Ikatan Akuntan Indonesia, 2020).

### **Financial Accountability in Small Business Organizations**

Financial accountability refers to the responsibility of organizations to manage financial resources transparently and report financial activities accurately to stakeholders. In the context of SMEs, financial accountability is closely related to the ability of business owners to maintain transparent financial management and provide reliable financial information to stakeholders such as investors, creditors, and government institutions (Mardiasmo, 2021).

Transparent financial reporting enables stakeholders to assess business performance and ensure that financial resources are used effectively. According to Harrison et al. (2021), accountability mechanisms are essential for strengthening organizational credibility and improving stakeholder trust. Businesses that demonstrate high levels of financial accountability are more likely to build strong relationships with external stakeholders and gain access to financial support.

In Indonesia, financial accountability has become an important issue in the SME sector because many small businesses still operate with informal financial management systems. Studies indicate that improving accounting knowledge and financial literacy among SME owners can significantly enhance the quality of financial accountability (Sari & Wirawan, 2022).

### **Accounting Practices in Tourism-Based SMEs**

Tourism-based SMEs represent a unique segment of small businesses because their financial performance is often influenced by seasonal demand, fluctuating tourist arrivals, and dynamic market conditions. Tourism enterprises such as guesthouses, travel agencies, restaurants, and souvenir shops require effective financial management to maintain operational sustainability (UNWTO, 2022).

Accounting practices in tourism SMEs play an important role in monitoring revenue flows, managing operational costs, and evaluating financial performance. Research has shown that tourism enterprises that adopt structured accounting systems tend to achieve better financial

stability and improved business planning (Gössling et al., 2021).

In tourism destinations such as Bali, SMEs play a vital role in supporting the local tourism ecosystem. Local tourism businesses often operate as family-owned enterprises, which may influence the way financial records are maintained. Some studies indicate that many tourism SMEs in Bali still rely on basic bookkeeping practices rather than formal accounting systems (Putra & Wibowo, 2023).

However, the increasing competition in the global tourism market has encouraged many tourism businesses to improve their financial management practices. Digital accounting tools and cloud-based financial management systems are gradually being adopted by SMEs to improve financial transparency and operational efficiency (Dewi & Saputra, 2024).

### **Accounting and Financial Accountability in the Tourism Sector**

Accounting systems play a critical role in ensuring accountability within tourism businesses. Financial records provide important information regarding revenue sources, operational expenses, and business profitability. This information enables business owners to evaluate performance and make informed decisions regarding resource allocation and strategic planning (Horngren et al., 2021).

In tourism destinations that rely heavily on environmental and cultural resources, accountability also extends beyond financial aspects. Sustainable tourism management requires businesses to consider environmental and social impacts alongside financial performance. Therefore, some tourism enterprises have begun to adopt sustainability accounting practices that integrate environmental responsibility with financial accountability (Yulianthi, 2025).

Recent studies in Indonesia highlight the importance of strengthening financial accountability among tourism SMEs to support sustainable tourism development. Transparent financial management can improve stakeholder trust, attract investment, and enhance the long-term sustainability of tourism businesses (Sukma & Prayudi, 2025).

### **Research Gap**

Although previous studies have discussed accounting practices and financial accountability in SMEs, limited research specifically examines how tourism-based SMEs in Bali implement accounting systems in their daily operations. Many tourism businesses still rely on informal financial management practices, which may affect financial transparency and business sustainability.

Therefore, further research is needed to explore how tourism-based SMEs in Bali apply accounting practices and maintain financial accountability in managing their businesses. Understanding these practices can provide insights into how accounting systems support financial transparency and contribute to the sustainability of tourism enterprises.

## **Research Method**

This study uses a qualitative research approach to explore accounting practices and financial accountability in tourism-based small and medium enterprises (SMEs) in Bali. A qualitative approach is suitable for understanding the experiences and perspectives of business actors in managing financial activities within their organizations (Creswell & Creswell, 2022). The research was conducted in Bali, Indonesia, which is known as a major tourism destination where many SMEs operate in tourism-related sectors such as hospitality, restaurants, travel services, and handicraft businesses (Putra & Wibowo, 2023). The participants in this study consist of SME owners or managers who are directly involved in financial management and accounting activities. Participants were selected using purposive sampling to ensure that they have relevant experience related to the research topic (Etikan & Bala, 2020). Data were collected through in-depth interviews, documentation, and observation to obtain comprehensive information regarding financial recording practices and accountability in business operations. The collected data were analyzed using qualitative data analysis techniques, including data reduction, data presentation, and conclusion drawing as proposed by Miles, Huberman, and Saldaña (2020). To ensure the credibility of the findings, this study applied data triangulation by comparing information obtained from different sources such as interviews, documentation, and observations (Patton, 2020).

## **Result and Discussion**

### **Accounting Practices in Tourism-Based SMEs in Bali**

The findings of this study reveal that accounting practices among tourism-based small and medium enterprises (SMEs) in Bali are still relatively simple and vary depending on the scale of the business and the financial knowledge of the business owners. Based on interviews with several SME operators in the tourism sector, most businesses still rely on basic bookkeeping practices to record financial transactions. These practices typically involve recording daily revenues, operational expenses, and basic cash flow information. Although such records help business

owners monitor their financial activities, many SMEs do not prepare formal financial statements such as income statements or balance sheets.

This condition reflects the common situation among SMEs in developing countries where accounting systems are often informal and not fully aligned with standardized accounting procedures. Limited accounting knowledge and lack of formal financial training often lead business owners to focus more on operational activities rather than systematic financial management (Nandan, 2021; Rudiantoro & Siregar, 2020). In Bali's tourism sector, many SMEs are family-owned businesses where financial records are often maintained manually or based on simple bookkeeping methods.

Despite these limitations, accounting practices still play an essential role in supporting the daily operations of tourism businesses. Business owners reported that even simple financial records help them track their income, manage operational costs, and monitor cash flow. This basic accounting information allows them to maintain financial control and ensure that business operations remain sustainable, particularly during periods of fluctuating tourist demand.

### **Financial Accountability in Tourism Business Operations**

Financial accountability is an important aspect of financial management in tourism-based SMEs. The results of this study indicate that SMEs that maintain more systematic financial records tend to demonstrate higher levels of financial accountability. Accurate and organized financial records allow business owners to monitor business performance and evaluate financial outcomes more effectively.

Participants in this study emphasized that financial accountability is closely related to transparency in managing business finances. Business owners who maintain clear financial records are better able to explain their financial performance to stakeholders such as partners, suppliers, or financial institutions. Transparent financial reporting can strengthen trust between SMEs and external stakeholders, which is particularly important for businesses that rely on partnerships within the tourism industry.

These findings support the argument that financial accountability is an important mechanism for strengthening organizational credibility and improving stakeholder trust (Mardiasmo, 2021; Harrison et al., 2021). In the tourism sector, where businesses often collaborate with multiple stakeholders such as travel agents, tour operators, and local suppliers, transparent financial management becomes increasingly important.

Furthermore, financial accountability also supports better business planning. SME owners who maintain proper financial records are able to evaluate their revenue trends, identify cost structures, and plan future investments more effectively. This ability to evaluate financial performance is essential for tourism businesses that operate in highly dynamic market environments.

### **Adoption of Digital Accounting Tools**

Another important finding from this study relates to the gradual adoption of digital accounting tools among tourism-based SMEs in Bali. Several participants reported that they have started using digital bookkeeping applications or simple accounting software to manage their financial records. These tools allow business owners to record transactions more efficiently and reduce the risk of manual recording errors.

The use of digital accounting systems provides several advantages for small businesses. Digital tools enable SMEs to generate financial summaries more quickly, monitor business performance in real time, and maintain better financial documentation. In addition, digital accounting applications often provide automated features that simplify the recording of daily financial transactions.

The increasing adoption of digital financial management tools reflects the broader trend of digital transformation within the tourism industry. As tourism businesses become more integrated with digital platforms such as online booking systems and digital payment services, the use of digital accounting tools becomes increasingly relevant for managing financial data efficiently (Dewi & Saputra, 2024).

However, the adoption of digital accounting systems among SMEs in Bali remains uneven. Some business owners still prefer traditional bookkeeping methods due to familiarity with manual systems or limited experience with digital technologies.

### **Challenges in Implementing Accounting Practices**

Although the importance of accounting practices and financial accountability is widely recognized, tourism-based SMEs in Bali still face several challenges in implementing proper accounting systems. One of the most common challenges identified in this study is limited accounting knowledge among SME owners. Many participants reported that they have not received formal training in accounting or financial management, which makes it difficult for them to prepare structured financial reports.

Financial literacy plays a critical role in determining how effectively SMEs implement accounting practices. Business owners with limited financial knowledge may struggle to understand accounting principles or interpret financial data for decision-making purposes. Previous studies have similarly emphasized that improving financial literacy can significantly enhance the quality of accounting practices among SMEs (Sari & Wirawan, 2022).

Another challenge relates to technological adoption. Although digital accounting tools are increasingly available, not all SME owners are comfortable using these technologies. Some participants expressed concerns regarding the complexity of accounting software or the time required to learn how to use digital systems effectively.

In addition, limited financial resources may also prevent some SMEs from investing in advanced accounting systems or professional accounting services. As a result, many small businesses continue to rely on informal financial recording practices that may reduce financial transparency and limit their ability to evaluate business performance accurately.

### **Implications for Tourism SME Development**

The findings of this study highlight the importance of strengthening accounting practices and financial accountability among tourism-based SMEs in Bali. Improved financial management can help small businesses maintain operational sustainability and enhance their competitiveness in the tourism industry.

One important implication is the need for greater financial education and training programs for SME owners. Training programs that focus on basic accounting principles, financial reporting, and digital bookkeeping tools can significantly improve the financial management capabilities of tourism businesses.

In addition, government institutions and business development organizations can play an important role in supporting SMEs by providing access to digital financial management tools and promoting the adoption of standardized accounting practices such as **SAK EMKM** for small businesses. The implementation of standardized accounting frameworks can improve the quality of financial reporting and strengthen financial accountability among SMEs (Ikatan Akuntan Indonesia, 2020).

Overall, strengthening accounting practices and financial accountability can contribute to the long-term sustainability of tourism-based SMEs in Bali and support the development of a more resilient tourism econom.

## Conclusion

This study examines accounting practices and financial accountability in tourism-based small and medium enterprises (SMEs) in Bali. The findings indicate that accounting practices among tourism SMEs are still relatively simple and often rely on basic bookkeeping methods such as recording daily revenues and operational expenses. Although these practices help business owners monitor financial activities and maintain basic financial control, many SMEs have not yet implemented standardized accounting systems or prepared formal financial statements. This condition is mainly influenced by limited accounting knowledge and financial literacy among SME owners.

The study also highlights the importance of financial accountability in supporting business sustainability and strengthening relationships with stakeholders. SMEs that maintain more systematic financial records tend to demonstrate better financial transparency and are more capable of evaluating business performance and planning future investments. In addition, the gradual adoption of digital accounting tools among some tourism businesses indicates a positive shift toward more efficient financial management practices.

However, several challenges remain in implementing proper accounting practices, including limited accounting skills, lack of financial training, and barriers to adopting digital financial management technologies. Therefore, improving financial literacy, providing training programs for SME owners, and promoting the use of simplified accounting standards such as SAK EMKM are essential steps to strengthen financial accountability among tourism-based SMEs. By improving accounting practices and financial transparency, tourism SMEs in Bali can enhance their financial management capabilities and support the long-term sustainability of their businesses in the increasingly competitive tourism industry.

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