Al-Kharaj: Journal of Islamic Economics and Business
Volume 8 (3), 2026: xxx - xxx
P-ISSN: 2686-262X; E-ISSN: 2685-9300

Phenomenology of Digital Accounting Application Adoption in MSMEs in Polewali Mandar: Uncovering the Factors Affecting

Sakinah Saharuna[1], Iqbal Nur Aswad[2], Muhammad Sarjan[3]
[1,2]Digital Business, Muhammadiyah Institute of Technology and Business Polewali Mandar, Indonesia
[3]Information Systems, Al-Asyariah Mandar University, Indonesia
Email: sakinah@itbmpolman.ac.id, iqbal@itbmpolman.ac.id, muhammadsarjan75@gmail.com

***Keywords**: Phenomenology; Digital Applications; Accounting; MSMEs; Financial Statements*

Abstract
This research is based on the development of digitalization in business management, especially financial recording in Micro, Small, and Medium Enterprises (MSMEs). Although digital accounting technology is widely available, the level of utilization for MSMEs in Polewali Mandar still varies, ranging from manual recording to the use of applications and websites. This research aims to understand the experience of MSME actors in adopting digital accounting technology and uncover the factors that affect the adoption process. The research uses a qualitative approach with phenomenological methods. Data was obtained through in-depth interviews, observations, and documentation of 15 MSME actors in Polewali Mandar, then analyzed through a process of data reduction, thematic grouping, interpretation of informant experiences, and extraction of meaning from the phenomenon studied. The results of the study show that the adoption of accounting technology in MSMEs takes place gradually and produces four conditions, namely the use of digital accounting applications, the use of websites, towards digital use, and manual recording. Factors that affect adoption include the experience of using digital applications, perception of benefits, ease of use, barriers to adoption and changes after adoption. This research has implications for the importance of increasing digital literacy and continuous mentoring so that MSMEs are able to adopt and utilize accounting technology according to their business needs.

INTRODUCTION

MSMEs aim to develop the national economy with as many business actors as possible. It is no longer an open secret that the dominant number is the source of Gross Domestic Product (GDP) growth, and the source of job opportunities. The existence of MSMEs has a strategic role in the nation's economic development, as well as economic growth and workforce expansion (Helmalia, H., & Afrinawati, A. 2018).

In accordance with the ever-growing digital era, MSMEs in Indonesia in general have realized the great potential that digital technology has in increasing visibility, expanding market reach, and obtaining greater profits (Setyanto, A. R. *et al.* 2015). In other words, the digitalization of MSMEs provides significant opportunities to increase competitiveness and achieve sustainable growth (Bakhri, S., & Futiah, V. 2020).

Some examples of digital technology innovations include startups, applications for daily activities, application subscription services, and digital banks (Almira, Y. A. 2023). Startup companies often present unique and interesting digital technology innovations. For example, applications that make it easier for users in various aspects of their daily lives (Prlyna Afiane & Lasmery RM Girsang. 2024). Applications that help users carry out daily activities, such as online transportation applications, shopping applications, and so on. Social media is a social interaction between individuals to communicate, participate, seek information, share information and form relationships or networks online (Saffitri, E. A., & Widati, E. 2022).

The development of digital technology has brought significant changes in various aspects of business, including in financial management. Digital accounting applications are now widely used to assist business actors in recording transactions, controlling cash flow, and preparing more accurate and timely financial statements (Hamdana, et al. 2024). However, in various regions, including Polewali Mandar, the level of utilization of digital accounting applications by MSMEs is still relatively low and uneven. In fact, MSMEs are the main economic sector in this area, playing an important role in absorbing labor, increasing community income, and strengthening the local economy (Ramida, R. M. 2022).

Based on data collection from the 2016 economic survey (SE2016 Listing), MSMEs dominate the economy of West Sulawesi with the number of businesses reaching more than 135 thousand or around 99.51% of the total non-agricultural businesses. The Polewali Mandar Regency with the largest population is the center of concentration of MSMEs accounting for around 39.62% of the total MSMEs of West Sulawesi in 2017, with the number of businesses reaching 53,623 (Uda, M. 2017).

Based on data from the Central Statistics Agency, Polewali Mandar district has a number of micro industries or businesses that include processes from the management of raw materials to finished goods that are ready to be sold at 10,423 units. In 2022, the processing industry sector in Polewali Mandar Regency contributed 6.89% to the Gross Domestic Product (GDP), occupying the third position after the agriculture and trade sectors. Over the past five years, the growth of the processing industry in the region has been relatively stable, reaching around 6% (Firmani 2023).

METHODS

a. Research Approach

This research uses a qualitative approach with phenomenological methods. Phenomenology was chosen because the focus of the research is to understand subjective experiences and to find out what factors influence the decision of MSMEs in Polewali Mandar to adopt digital accounting applications. Every phenomenology can be described as empirical and related to daily life (Basrowi and Sukidin, 2002: 45).

b. Research Locations and Data Sources

This research was carried out in one district and five sub-districts in West Sulawesi, namely Polewali Mandar Regency and Luyo, Mapilli, Wonomulyo, Matakali and Polewali Districts. The selection of these areas was based on data on the high number of MSMEs in the sub-district. The Focus Group Discussion (FGD) will involve 3 main speakers in each sub-district, a total of 15 speakers. The data needs of this study were carried out through passive participatory observation, documentation and interviews. Passive participatory observation is also an effort by researchers to foster a harmonious relationship between researchers and informants. The respondent criteria were MSME actors in city districts and five sub-districts that were sampled in this study.

c. Instrument Development

A research instrument is a tool that measures the observed natural and social phenomena. The research tools used by the researcher in researching are: voice recorders, stationery, interview question lists, books, journals, and other references. The researcher in this study acts as a full observer, where the researcher enters into the research object that is directly involved in the activities of the research object. The presence of the researcher was known by the informant because there was an interview session on the things being researched.

d. Data Analysis

The data analysis in this study uses a phenomenological approach with reference to the steps of phenomenological analysis (Moustakas/Colaizzi), which aims to find the essence of the participants' experiences. The stages of analysis are carried out as follows:

1. Horizontalization, all interview data is treated as having the same value by identifying significant statements related to the experience of using digital accounting applications.
2. Phenomenological reduction, significant statements are then selected and reduced to eliminate repetitive and irrelevant information, so that a unit of meaning is obtained.
3. Theme Grouping, the units of meaning that have been obtained are then grouped into main themes, such as the perception of convenience, benefits, technical obstacles, and social factors.
4. Textural Description (What) The researcher compiled a description of what was experienced by participants in using digital accounting applications based on the themes that had been formed.
5. Structural Description (How), the researcher analyzes how the experience occurred, including the social, cultural, and environmental conditions that affect the experience.

6. Synthesis of Essence, the final stage is to integrate textural and structural descriptions to produce the essence of the experience of digital accounting application, which is a deep meaning that describes the core of the phenomenon experienced by MSME actors.

After the theme grouping process is carried out, the researcher will conduct an in-depth interpretation of the relationships between themes to find patterns of repeated experiences across all informants. The themes were then compared and synthesized to produce an essential description of how MSMEs interpret the use of digital accounting applications in their business activities. The synthesis process is carried out iteratively by rereading the interview transcript and validating the meaning of the phenomena that are obtained to truly represent the collective experience of the informant.

RESULTS AND DISCUSSION

Based on the results of interviews and observations of MSMEs who were research informants, it was found that the practice of financial recording in MSMEs in Polewali Mandar showed various conditions. These differences can be seen from the media, technology, and the level of digitalization used in recording transactions and managing financial information. The research findings were then classified based on the pattern of use of the financial recording system, namely the use of digital applications, website use, MSMEs that are moving towards the use of digital systems, and MSMEs that are still using manual recording.

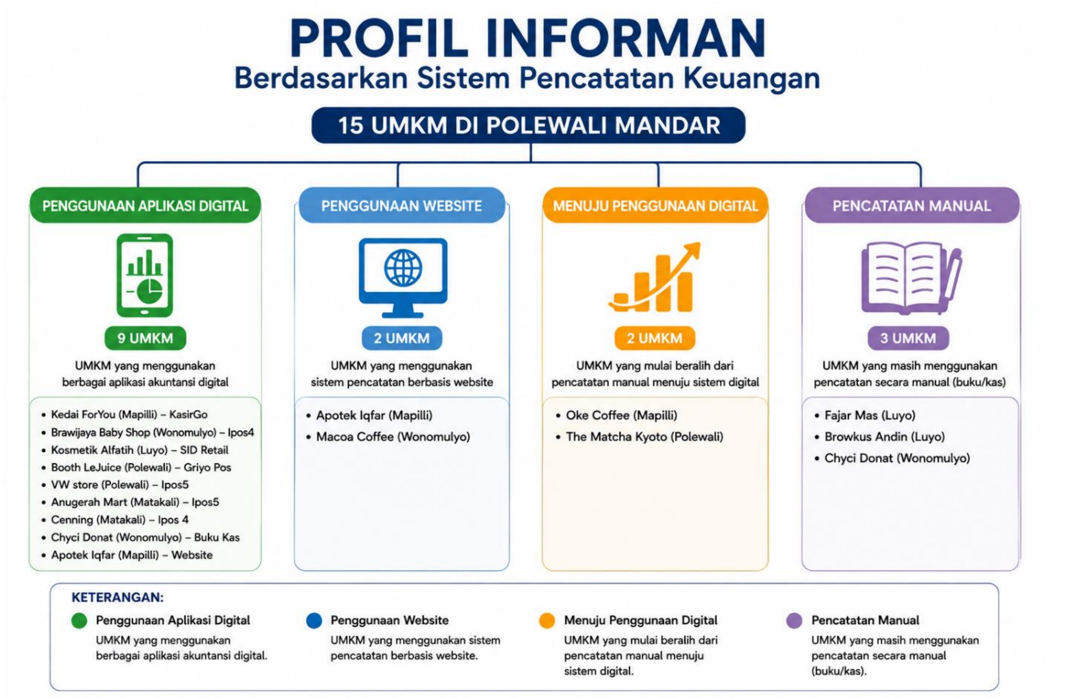

Figure 1 . Informant Profile
(source :p enresearch)

Figure 4.1 shows that the digitization of financial records for MSMEs in Polewali Mandar does not take place uniformly. Some MSMEs have used digital applications to help record transactions, while others use a website-based system. On the other hand, there are still MSMEs that are in the transition stage from manual recording to digital systems and MSMEs that fully rely on books or cash records as a recording medium.

First, the use of digital applications shows that some of the 15 MSMEs studied have adopted digital accounting applications, consisting of KasirGo which is used by Kedai Foryou, Griyo Pos by LeJuice, SID Retail by Al-Fatih Cosmetics, Ipos 4 by Brawijaya, Ipos 5 by Anugrah Mart and VW Store, Cash Book by Chyci Donat.

Field findings show that the application adoption process does not always come from a formally planned decision. Some MSME actors get to know the application through fellow business actors, then learn how to use it independently through digital media such as YouTube.

Second, the use of websites or applications that are monitored independently are Apotek Iqfar and Macoa Coffee. This is a different form of digitization from the use of applications. In this category, the business information recording system or management is carried out through a website-based platform. These findings show that digitalization in MSMEs is not only realized through the installation of applications on devices, but also through the use of systems that can be accessed using the internet network. The use of websites shows a level of technology utilization that is more integrated with business information systems.

Third, towards digital use shows that there are MSMEs that are in the transition stage from manual recording to digital systems, namely Oke Coffee and Matcha Kyoto. This group is an important finding because it shows that technology adoption is not a direct or simultaneous process. Business actors can be in the phase of trying, considering, or preparing for the use of technology before completely abandoning the manual system.

MSME actors need to consider various aspects before using the full digital system, such as the ability to understand technology, the suitability of the system with business needs, recording habits that have taken place before, and perceptions of the benefits and ease of use.

Fourth, manual recording shows that some informants still use books, cash books made by themselves on their understanding, or simple recording media to record business transactions. The use of manual recording shows that digital technology has not completely replaced conventional recording practices in all MSMEs, namely Fajar Mas, Browkus Andin, Oke Coffee and Matcha Kyoto.

Manual recording cannot be directly interpreted as the inability of MSMEs to accept technology. Rather, these findings need to be understood as part of the experience and conditions of each business actor. Manual systems can be maintained because they are considered familiar, easy to do, appropriate to the scale of the business, or there is not yet a strong enough need to make changes.

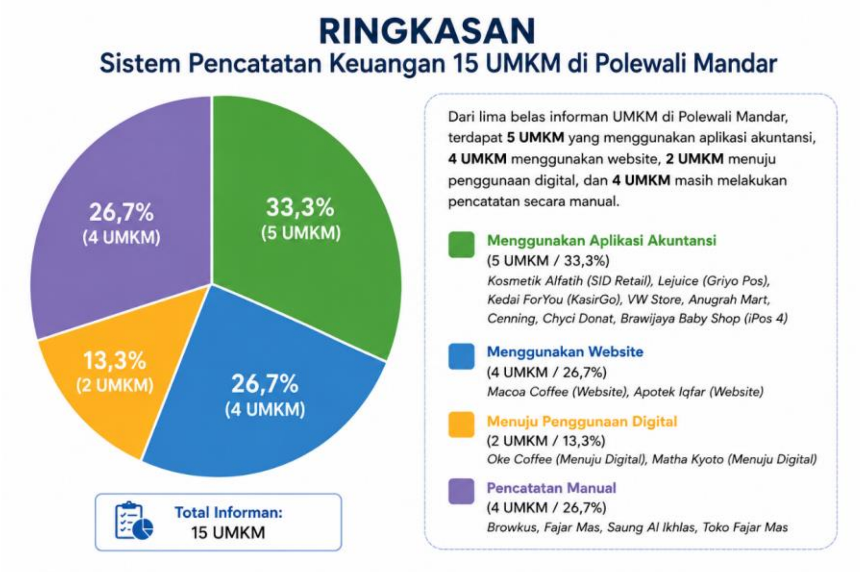

Figure 2. Summary of 15 MSMEs in a Pie Chart

Based on the figure, of the 15 MSMEs in Polewali Mandar that became research informants, there are 5 MSMEs (33.3%) that have used digital accounting applications, 4 MSMEs (26.7%) use websites, 2 MSMEs (13.3%) are in the stage of digital use, and 4 MSMEs (26.7%) are still using manual recording systems. The composition shows that the use of digital technology in financial recording has begun to be applied by most MSMEs, although the level and form of utilization are still diverse.

The findings show that there is a process of transformation of financial records from a manual system to a digital system. MSMEs that have used applications and websites tend to get convenience in recording transactions, managing inventory, and compiling business information. Meanwhile, MSMEs that are still using manual recording or are in the stage of going digital show that the technology adoption process is not completely evenly distributed. This condition indicates that the adoption decision is not only related to the availability of technology, but is also influenced by business needs, knowledge and ability to use technology, perception of benefits, ease of use, and readiness of MSMEs to make changes to the recording system.

DISCUSSION

Factors Influencing the Adoption of Digital Accounting Applications

a. Experience of Getting to Know Digital Accounting Applications

Experience getting to know Digital accounting applications is an important initial stage in the technology adoption process by MSMEs. This experience shows that the decision to use the application does not appear suddenly, but is formed through the interaction between business needs, social influences, previous technological experience, access to information, perception of benefits, and curiosity.

Thus, the experience of getting to know digital accounting applications is not just the process of knowing the existence of the application, but is the initial experience that forms the interest, confidence, and courage of MSME actors to try the technology. In phenomenological research, this experience can be used to reveal how MSME actors interpret the initial adoption process and what factors according to their experience most determine the decision to use or not use the digital accounting application.

The owner of the Alfatih Cosmetic Shop explained that the use of SID Retail was initially aimed at helping manage stock of goods, but then the benefits were felt, it turned out that SID Retail provided benefits in its financial records.

> "Initially, we were looking for an application for stock of goods. After using SID Retail, it turns out that sales, stock, and financial statements are connected to each other so that it is easier."

The informant showed that the process of getting to know digital accounting applications is influenced by conditions, namely the increase in business activities that encourage MSME actors to look for a more efficient recording system. Informants who have used the application feel that manual recording is no longer able to accommodate the increasing number of transactions.

b. Perception of Benefits

This illustrates the experience of MSME actors in feeling the benefits after adopting digital accounting applications. The benefits in question are not only related to the ease of recording transactions, but also changes in financial management, business decision-making, operational efficiency, and confidence in running a business.

Putri *et al.* (2020) highlights that the digitization of financial records has increased the efficiency and transparency of small businesses, especially in terms of transaction management and business performance evaluation. They noted that MSME actors who use financial applications have better ability to prepare financial reports and access financing opportunities from formal institutions (Yuni Fitriani, 2021).

The results of the interviews show that informants who have adopted digital accounting applications feel various benefits in their business activities. These benefits include the ease of recording transactions, automatic preparation of financial reports, stock control, turnover monitoring, and increasing time efficiency.

The owner of Macoa Coffee said that the website-based system simplifies the sales recapitulation process.

"Every day I can instantly see the number of transactions and sales without having to do a manual recap."

Based on the experience of informants, the benefits of adopting digital accounting applications are interpreted as not just the use of technology in recording transactions. For MSME actors, applications are a means to gain a sense of control over business conditions. The presence of fast, accurate, and easily accessible financial information provides confidence in making business decisions and reduces concerns about record-keeping errors.

On the other hand, informants who have not yet adopted the app view the benefits as something real, but are still at the observation stage. This suggests that perceptions of benefits can be formed even before someone actually uses the technology.

c. Perception of Ease of Use

The perception of ease of use is the belief of MSME actors that digital accounting applications can be learned and used without requiring excessive effort. In this study, the perception of the ease of use of digital applications illustrates how informants interpret their experiences when they start operating the application, learn the available features, and adjust to the digital recording system.

The results of the interviews show that informants who have used digital accounting applications feel that the application is relatively easy to learn because it has a simple appearance and is in accordance with business operational needs. However, the level of convenience felt is influenced by the experience of using technology, assistance at the beginning of use, and the intensity of using the application.

The owner of Lejuice revealed that at the beginning of using Griyo Pos he needed time to understand each menu, but after regular use the application felt easy to operate.

"Initially, you had to learn first, especially understanding the existing menus. After a few days of use, it turns out that the use is easy and transactions can be done faster."

The informant explained that the convenience was felt because the recording process was carried out automatically so that there was no need to write transactions manually.

The owner of Macoa Coffee states that the website-based system is easy to use because the information is clearly presented and can be accessed at any time.

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"The menus are quite clear. I just look at the sales report without having to open the records one by one."

Unlike informants who have adopted the application, the owner of Oke Coffee views ease of use as a factor that still needs to be studied before deciding to use the application.

"I see that it looks quite simple, but I still want to learn to really understand how to use it.

Meanwhile, informants who still use manual logging revealed that their perception of the app is still influenced by concerns about the difficulty of operating the technology.

The results of the study show that ease of use is not interpreted as a condition where applications can be directly used without learning. On the contrary, the informants interpreted convenience as an adaptation process that took place gradually. After passing the initial learning stage, the application becomes part of the work routine which actually makes business activities easier.

d. Barriers to Adoption

Obstacles to the adoption of digital accounting applications are various conditions that cause MSME actors to experience difficulties, doubts, or inability to use and maintain the use of digital applications in their business management activities. These obstacles are not only related to technical capabilities in operating the application, but can also come from limited time, human resources, costs, understanding of technology, and incompatibility between application features and business needs and operational conditions.

In the context of MSMEs, the decision to adopt digital applications is greatly influenced by the user's experience in interacting with technology. Applications that technically have various features and benefits are not necessarily considered easy or appropriate if their use actually increases the workload. Therefore, user experience is important in understanding why an MSME continues, restricts, or even stops the use of digital applications.

As said by The Matcha Kyoto employees in the use of digital applications.

"We haven't used the application because customers are exploding, it's a bit complicated to enter orders into the application so we still record it manually, we have tried but the owner said he would soon switch to using the application"

The findings on The Matcha Kyoto show a different form of resistance. These MSMEs actually have experience trying to use digital applications, but have not continued to use them consistently. The operational condition of the business with a very large number of customers makes the manager focus more on the speed and smoothness of service. In this situation, the use of applications is felt to be not practical enough and not in accordance with the rhythm of business activities.

Thus, the barriers to adoption at The Matcha Kyoto do not merely show a rejection of technology, but rather illustrate the incompatibility between the use of the application and the operational needs of the business in very crowded customer conditions.

e. Changes After Adoption

The change after the adoption of digital accounting applications in MSMEs is a change in the way business actors record and manage financial information, control their business, and make decisions. The use of applications not only replaces manual recording to digital, but can also create changes in the habits and perspective of MSME actors towards accounting.

Thus, from a phenomenological perspective, the essence of change after adoption lies in the subjective experience of MSME actors about how digital technology changes their daily business recording and management practices, both in the form of benefits and obstacles that MSME actors still feel.

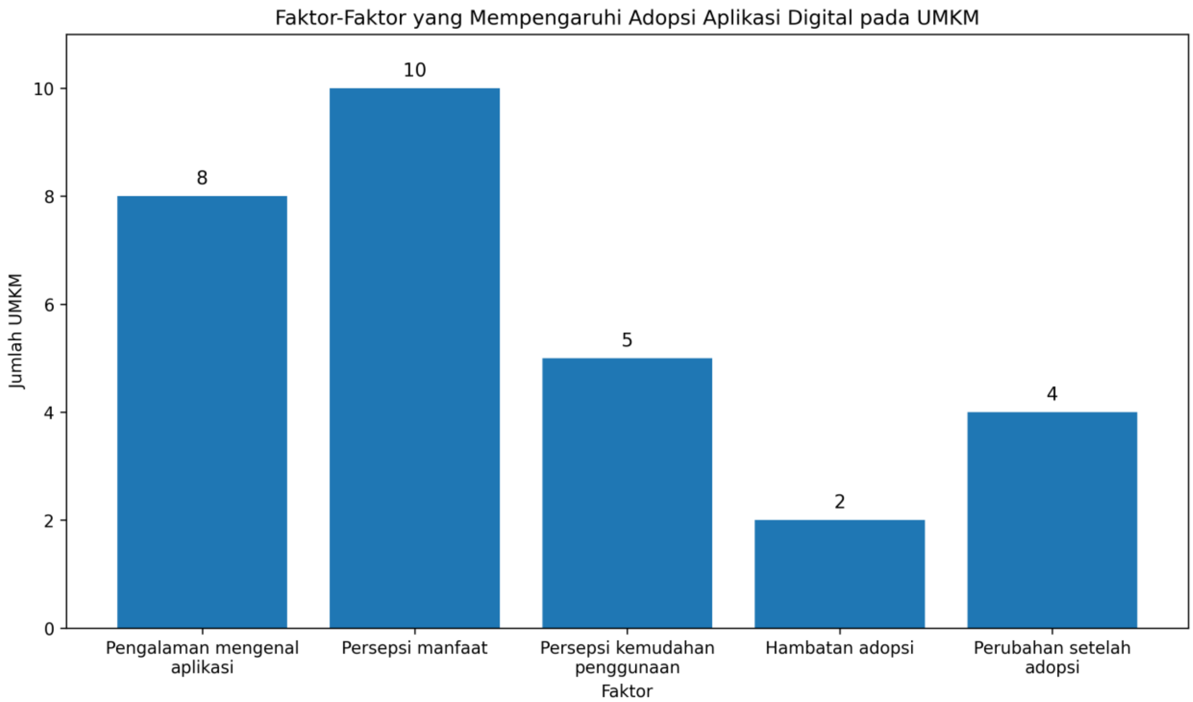

Figure 3. Distribution of Factors Influencing the Adoption of Digital Applications in MSMEs in Polewali Mandar.

Based on the diagram, the perception of benefits is the most widely felt factor by informants, namely as many as 10 MSMEs. This shows that the benefits felt from the use of digital applications are the most dominant aspect in the digital application adoption experience in MSMEs studied.

The next factor is the experience of getting to know the application, which is felt by 8 MSMEs. This shows that the initial process of recognizing and obtaining information about applications is an important part of the MSME journey towards the use of digital technology.

Furthermore, the perception of ease of use was felt by 5 MSMEs, while changes after adoption were felt by 4 MSMEs. Meanwhile, barriers to adoption were only found in 2 MSMEs, namely Oke Coffee and The Matcha Kyoto. Thus, barriers are not the most dominant factor in the informant's experience, although it remains an important finding in explaining why some MSMEs have not adopted digital applications.

CONCLUSION

a. Conclusion

Based on the results of phenomenological research on 15 MSMEs in Polewali Mandar, it can be concluded that the adoption of digital accounting applications is a process that does not take place uniformly in every MSME. Some MSMEs have used accounting applications and websites to support recording and business management, while others are still using manual recording or are in the stage of digitization. The experience of the informants shows that the decision to adopt accounting technology is not only determined by the availability of technology, but also by the perception of the experience of knowing digital applications, the perception of benefits and ease of use, technological knowledge, business needs, experience in obtaining information from fellow MSME actors, and readiness in obstacles and changes after adoption.

b. Suggestions

Based on the results of the research, some suggestions that can be given are as follows. **First**, for MSME actors, it is necessary to increase digital literacy and accounting knowledge so that the available technology is not only used to record transactions, but can also be used to manage inventory, monitor financial conditions, and support business decision-making. MSMEs are also advised to choose a digital application or system that suits the user's ability and business needs.

Second, for the government and related parties, a more practical and sustainable mentoring and training program is needed regarding the use of digital accounting applications. Assistance should not stop at the application introduction stage, but continue until MSME actors are able to use and maintain the system in their daily business activities.

Third, for future researchers, research can be developed by involving a larger number of informants and a wider area and comparing the characteristics of MSMEs based on business sectors, length of business, level of digital literacy, and level of digitalization maturity.

THANKS

The author expressed his gratitude to all parties who have provided support in the implementation of this research. Special thanks are expressed to **the Ministry of Education,**

Culture, Research and Technology of the Republic of Indonesia for the support and funding provided through the research grant program, so that this research can be carried out properly. The funding support is very helpful for the author in carrying out all stages of research, from preparation, data collection, analysis, to the preparation of reports and publication of research results.

Gratitude was also conveyed to MSME actors in Polewali Mandar Regency who were willing to become informants and took the time to share their experiences and information needed in research. The author also expressed his gratitude to those who have provided support, direction, and input during the research process until the preparation of this article. This research is part of the results of a study that focuses on the phenomenology of digital accounting application adoption in MSMEs in Polewali Mandar.

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