

Exploration of Sustainability Accounting Practices in Small and Medium Enterprises in Bali Province, Indonesia



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ABSTRACT: This research aims to explore sustainability accounting practices in small and medium enterprises (SMEs) in Bali Province, Indonesia. Exploration of these practices is seen from the perspective of institutional issues, regulatory environment, social issues and environmental issues. The research sample was 397 SMEs in Bali Province, Indonesia selected using simple random sampling. Questionnaires were sent to SMEs (CEO/director/financial manager/accounting). Analysis was carried out using descriptive statistics with SPSS 25 software. Research findings show that awareness of sustainability reporting among SMEs in Bali Province is still low. SMEs have not published sustainability reports, despite being very reactive in accepting and introducing sustainability measures. The biggest obstacle to implementing sustainability accounting practices is a lack of understanding or information about the risks/benefits of sustainability. This research provides implications for the need to educate SMEs with sustainability knowledge and create a new approach to sustainability reporting, specifically developed for SMEs according to the organizational context. This research has limitations because it was only conducted in the context of a developing country, in Bali Province, Indonesia, thereby limiting the understanding of sustainability accounting practices in SMEs. This study used a limited sample with a usable response rate of 17.94% which limits the findings of this study. This research contributes to the sustainability accounting literature by diagnosing gaps related to sustainability reporting practices in SMEs. This research is the first attempt to explore sustainability accounting practices in the context of developing countries, especially SMEs in Bali Province, Indonesia.

KEYWORDS: Sustainability, Accounting, Small and Medium Enterprises, Bali Province

I. INTRODUCTION

Sustainability accounting research continues to develop, but on the other hand, changes in accounting are slow, and the success of implementing sustainability accounting is also not widely explored (Burritt & Schaltegger, 2010). There is still no sustainability accounting framework as an instrument that provides information for stakeholders regarding reliable company economic, social and environmental performance, because the normative approach in the existing literature is still general (Maas et al., 2016). Although sustainability accounting is ultimately slowly finding its way into the professional mainstream, the speed and intensity of its adoption is highly dependent on the country and attitudes towards accounting practices in general (Nikolić et al., 2020).

Pressure from stakeholders is making the sustainability agenda a concern in many large companies (Singh & Misra, 2021). This has caused sustainability research to focus more attention on large and multinational companies (Westman et al., 2019). Likewise, research on sustainability accounting practices is more developed in large companies (Hörisch et al., 2020; Oyewo, 2020) compared to small and medium enterprises (SMEs) (Marfo et al., 2022). Even though SMEs are considered to have a major contribution to the issue of global sustainability challenges (Gamage et al., 2020) and play an important role in the economy and social structure. Most businesses in the world are SMEs which contribute quite significantly to the economic sector (Udayasankar, 2008), but on the other hand, SMEs are faced with many sustainability issues. Sustainability research in SMEs is still fragmented, underdeveloped and limited (Fenwick, 2007). Until now there is still a gap in the literature regarding the experiences of SMEs, especially in the regions, in dealing with sustainability. There is a need to ensure that accounting contributes to the sustainability of society and the environment (Ozili, 2021). Accountants can help provide a better

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understanding of their role and function as business advisors in helping SMEs to engage in sustainable business practices (Williams & O'Donovan, 2015). All of this encourages the need for research that can provide an overview of how SMEs practice sustainability accounting.

This research aims to explore the sustainability accounting practices of SMEs in Bali Province, Indonesia. In Indonesia, SMEs are a pillar of the economy (Astuti et al., 2023). Coordinating Ministry of Economic Affairs of the Republic of Indonesia (2021) noted that the number of SMEs in 2021 reached 64.2 million with a contribution to Gross Domestic Income of 61.07% or 8,573.89 trillion rupiah. The contribution of SMEs to the Indonesian economy includes the ability to absorb 97% of the total existing workforce and can raise up to 60.4% of total investment. However, the high number of SMEs in Indonesia cannot be separated from the existing challenges. Bankruptcy and failure remain a nightmare for SMEs around the world, especially in less economically developed countries (Kücher et al., 2020).

This research makes an important contribution to the sustainability accounting literature by diagnosing gaps related to sustainability reporting practices in SMEs. This research can stimulate SMEs to increase their understanding of the risks/benefits of sustainability so that they are motivated to practice sustainability accounting. This research is the first attempt to explore sustainability accounting practices in the context of developing countries, especially SMEs in Bali Province, Indonesia. This is the novelty of this research.

II. LITERATURE REVIEW

A. Overview of Sustainability Accounting

Implementing sustainability through accounting practices has been a popular research topic since the 90s. As a result, various regulatory frameworks, philosophical trends, training programs, and empirical research enrich the growing literature. In simple terms, sustainability accounting is defined as accounting that integrates social, environmental and economic aspects of organizational activities.

The development of sustainability accounting can be divided into two paths (Burritt & Schaltegger, 2010). First, adopt a critical theory perspective. In this perspective, sustainability accounting is the cause and source of corporate sustainability problems, because existing conventions are not suitable for the purpose of recording and disclosing information about the company's social and environmental impacts. Therefore, with this perspective, sustainability accounting is a fad and will disappear over time. Second, a management-oriented path towards sustainability accounting. This path recognizes the importance of management decision making and views corporate sustainability accounting as a set of tools that provide assistance to managers regarding different decisions. Management and accounting theorists argue that there are a number of corporate sustainability decision settings with accounting information providing the necessary support as a basis for assessing the deliberative actions to be taken (Burritt et al., 2002). The development of sustainability accounting can be carried out using a top-down approach and a stakeholder approach (Schaltegger & Burritt, 2006). The top-down approach begins with the broadest definition of sustainable development and corporate sustainability. Then, the term sustainable development is broken down into partial indicators and measurements in the most systematic way. Meanwhile, in the stakeholder approach, sustainability accounting is developed through a stakeholder engagement process. Richardson (2004) indicates that the triple bottom line concept is a common framework used to describe sustainability accounting in organizations because it provides recognition that companies do not only develop based on economic goals but must also pay attention to social and environmental issues that affect their operations. The concept of business sustainability is becoming increasingly important as a result of increasing legislation and stakeholder awareness (Aggarwal, 2013). Managers must be able to find ways to make companies more socially responsible, environmentally sustainable, and economically competitive (Ezekwesili & Ezejiolor, 2022).

B. Sustainability Accounting Research

Jacobsen et al. (2020) identified four categories of sustainability practices, namely inspiring and informing, producing, co-creating and building systems. The findings are then integrated into a sustainability maturity typology, and it is proposed that all four practices are associated with increasing intensity of sustainability intentions, such that companies realize increasing levels of sustainability in focused business practices as companies move from inspiring and informing through system building. There is no generic "one size fits all" approach to supporting sustainability practices as the approach must match the company's sustainability maturity. Burritt & Schaltegger (2010) suggest that management decision making, through problem solving and judgment, and a critical approach, through raising awareness, contribute to the development of sustainability accounting and reporting. However, the development of sustainability accounting and reporting must be more oriented towards improving management decision making. Nartey & van der Poll (2021) identify how accounting practices can be incorporated into manufacturing SME strategies to counter stakeholder perceptions that companies contribute significantly to social and environmental problems. The findings show seven innovative methods that SMEs can apply, namely budget control practices,

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product life cycle costs, activity-based environmental costs, target costs, kaizen costs, and value analysis. Research on sustainability accounting is mostly conducted on large companies, such as that conducted by Egbunike et al. (2018). The findings show that multinational companies in Nigeria have been practicing social, environmental and economic accounting. Apart from that, it was also found that there was a positive relationship between social accounting practices and social disclosure; environmental accounting practices and environmental disclosures; and economic accounting practices and economic disclosures. Although still limited, several researchers have conducted research on sustainability accounting practices in SMEs, for example Masocha (2019) who reported that normative factors are driving SMEs in South Africa to participate in sustainability practices. The findings show that social sustainability is positively and significantly related to financial performance, customer satisfaction performance and employee satisfaction performance. In South Africa, SME supply chains can become more economical by incorporating sustainability strategies (Nartey & van der Poll, 2021). Other research results shown by Nikolić et al. (2020) that the level of awareness of SMEs in Croatia regarding social responsibility reporting is still very low. This is largely due to lack of knowledge, skills, experience, as well as ignorance about the benefits of sustainability reporting. Marfo et al. (2022) who conducted research on SMEs in Ghana showed that accounting practices have a high impact on economic sustainability and a moderate impact on the social sustainability of SMEs in that country. However, accounting practices were not found to have a correlation with environmental sustainability. This suggests that SMEs in Ghana need to more actively advocate balance in the triple bottom line as an integral part of their accounting practices. According to Marfo et al. (2022) SMEs with sophisticated accounting practices are better able to understand the influence of systemic risk and resource constraints on their activities, and this allows SMEs to keep their operations running smoothly.

III. METHODS

The research population is small and medium industries in Bali Province, Indonesia. The Department of Cooperatives Small and Medium Enterprises (2022) noted that there are 54,170 SMEs in Bali Province. Sampling was carried out using probability sampling methods, while the sampling design used was simple random sampling. A sample of 397 SMEs was determined using the (Yamane, 1973) formula.

$$n = \frac{N}{1 + N(e)^2} = \frac{54.170}{1 + 54.170(0.05)^2} = 397$$

Data was collected using a questionnaire, sent to SME leaders (CEO/director/financial manager/accounting). Based on the assumption of a response rate of 80%, 496 copies of the questionnaire were sent. The instrument used was adopted from Nikolić et al. (2020) by making adjustments. The instrument measures sustainability accounting practices from institutional issues, regulatory environment, social issues, and environmental issues. The survey was designed to extract information that describes sustainability accounting practices in SMEs in Bali Province. Analysis was carried out with descriptive statistics using SPSS 25 software.

IV. RESULTS AND DISCUSSION

A. PROFIL

Of the 496 copies of the questionnaire sent to research respondents, 89 copies were returned and could be analyzed (usable response rate 17.94%). Most of the respondents had a Bachelor's degree (46 people; 51.7%) and had work experience of more than 5 years (63 people; 70.8%). The companies that participated in this research were mostly medium scale companies, namely 51 companies (57.3%). Referring to BPS-Statistics of Bali Province (2023), a business with 20-99 employees is a medium-scale business, while a business with a workforce of 5-19 people is a small-scale business.

B. INSTITUTIONAL ISSUE

Exploration of sustainability accounting practices in SMEs in Bali Province from an institutional issue perspective begins by exploring the extent to which respondents – who are SMEs actor – know the definition of sustainability reporting. Table 1 shows that the majority of SMEs actor in Bali Province do not know the definition of sustainability reporting (65; 73%) and only nine (10.1%) say they know.

Table 1. Knowledge of the Definition of Sustainability Reporting

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Just knowing	15	16.9	16.9	16.9
	Know	9	10.1	10.1	27.0
	Do not know	65	73.0	73.0	100.0
	Total	89	100.0	100.0	

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Judging from the potential social and environmental impact of the company, the majority of SMEs actor (72; 80.9%) consider their business to have minimal impact on the environment and society. Meanwhile, nine (10.1%) considered the impact to be moderate (Table 2).

Table 2. Environmental and Social Impact

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Minimal	72	80.9	80.9	80.9
	Moderate	9	10.1	10.1	91.0
	None	8	9.0	9.0	100.0
	Total	89	100.0	100.0	

Various aspects of sustainability in SMEs were explored and the results are shown in Table 3. The majority of respondents stated that their businesses did not have a sustainability policy (58.4%); have no person/staff in personnel responsible for sustainability initiatives (94.4%); and not engaging in dialogue on sustainability issues with stakeholders (66.3%).

Table 3. Various Aspects of Sustainability

Aspects	Answers	Frequency	Valid Percent	Cummulative Percent
Does the company have a sustainability policy?	No	52	58.4	
	Yes	37	41.6	41.6
Is there a specific person/staff responsible for sustainability initiatives?	No	84	94.4	
	Yes	5	5.6	5.6
Does the company produce a sustainability report?	No	89	100.0	
	Yes	0	0.0	0.0
Does the company engage in dialogue on sustainability issues with stakeholders?	No	59	66.3	
	Yes	30	33.7	33.7
Does the company have a sustainability management system?	No	44	49.4	
	Yes	45	50.6	50.6

All respondents reported that companies do not make sustainability reports. Meanwhile, the proportion of SMEs that have a sustainability management system shows almost the same figure. SMEs that have a sustainability management system are 50.6%, while those that don't are 49.4%.

Table 4. Drivers for Introducing Sustainability Practices

Drivers	High		Moderate		Low		None		Total
	Freq	Valid %	Freq	Valid %	Freq	Valid %	Freq	Valid %	
Ethics	20	22.5	65	73.0	4	4.5	0	0.0	89
Environmental protection	74	83.1	12	13.5	3	3.4	0	0.0	89
Compliance with environmental regulations	54	60.7	35	39.3	0	0.0	0	0.0	89
Reduction of environmental costs	6	6.7	70	78.7	7	7.9	6	6.7	89
Good publicity	32	36.0	42	47.2	4	4.5	11	12.4	89
Money savings	15	16.9	57	64	13	14.6	4	4.5	89
Stakeholder pressure	16	18	39	43.8	15	16.9	19	21.3	89
Competitive advantage	35	39.3	45	50.6	9	10.1	0	0.0	89

Interesting things were discovered when digging further into the reasons that encourage SMEs to introduce sustainable practices (Table 4). First, environmental protection is the strongest driver for the introduction of sustainable practices in SMEs, as shown by more than half of SMEs admitting it (83.1%). Second, compliance with environmental regulations is the second strongest driver after environmental protection (60.7%). Third, reducing environmental costs was a moderate driver (78.7%), with ethics and saving money being slightly less popular choices among respondents (73.0% and 64% respectively).

Barriers that hinder the preparation of sustainability reports for SMEs are summarized in Table 5. According to respondents, lack of understanding or information about the risks/benefits of sustainability (52.8%) is the highest obstacle that causes SMEs not to prepare sustainability reports. Legal and regulatory complexity (68.5%) was rated as a moderate barrier. Interestingly,

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respondents did not consider lack of manager awareness, expertise, skills and time, as well as high financial resources and implementation time as obstacles to preparing sustainability reports (0%).

Table 5. Obstacles that Hinder the Preparation of Sustainability Reports

Obstacles	High		Moderate		Low		None		Total
	Freq	Valid%	Freq	Valid%	Freq	Valid%	Freq	Valid%	
Lack of manager awareness	34	38.2	51	57.3	4	4.5	0	0.0	89
Lack of employee interest	23	25.8	57	64.0	9	10.1	0	0.0	89
Lack of understanding or information about sustainability risks/benefits	47	52.8	35	39.3	7	7.9	0	0.0	89
Legal and regulatory complexity	9	10.1	61	68.5	13	14.6	6	6.7	89
Lack of expertise, skills and time	37	41.6	49	55.1	3	3.4	0	0.0	89
Lack of financial resources and high implementation time	16	18.0	68	76.4	5	5.6	0	0.0	89
No requests from customers	5	5.6	54	60.7	25	28.1	5	5.6	89
Does not create a competitive advantage	0	0.0	31	34.8	9	10.1	49	55.1	89

C. REGULATORY ENVIRONMENT

The second exploration of sustainability accounting practices was carried out by exploring issues regarding regulations related to sustainability. Respondents' assessments of the strictness of environmental and social regulations in Indonesia show that the majority of respondents consider environmental and social regulations to be at a medium level of strictness, respectively 70.8% and 74.2% (Table 6).

Table 6. Assessment of the Stringency of Environmental and Social Regulations

Types of Regulatory Tightening	Strict		Moderate		Loose		Total
	Freq.	Valid%	Freq.	Valid%	Freq.	Valid%	
Environment	20	22.5	63	70.8	6	6.7	89
Social	18	20.2	66	74.2	5	5.6	89

Respondents were asked whether the company had ever received complaints, been sued, or been subject to any enforcement action for environmental and/or social violations, with answers summarized in Table 7. Almost all (94.4%) answered no, so it can be concluded that SMEs comply with the standards environmental and social. However, this can also be caused by the company's lack of ability to recognize potential violations and report them.

Table 7. Complaints or Law Enforcement Actions for Environmental and/or Social Issues

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	84	94.4	94.4	94.4
	Yes, environment	2	2.2	2.2	96.6
	Ya, social	3	3.4	3.4	100.0
	Total	89	100.0	100.0	

Table 8 shows respondents' answers when asked to identify the statement that best reflects the company. As many as 43.0% of respondents stated that exceeding regulatory requirements related to sustainability and environmental awareness was one of the priority goals of SMEs. However, most respondents (56.2%) could not identify it by stating that there were no statements that reflected the company. This shows that SMEs' awareness of sustainability issues is still very low. However, no respondents stated that companies experienced difficulties in complying with regulations related to sustainability (0.0%).

Table 8. Statements Regarding the Regulatory Environment Reflecting the Company

The Company:	Frequency	Valid Percent	Cumulative Percent
Have difficulty complying with regulations related to sustainability	0	0	0.0
Complies with sustainability regulations but does not want to exceed these requirements	18	20.2	20.2

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Complies with sustainability regulations and is considering doing more	14	15.7	36.0
Exceeds regulatory requirements regarding sustainability but environmental issues are not one of the priorities	0	0.0	36.0
Exceeding regulatory requirements regarding sustainability and environmental awareness is one of the company's priority goals	7	7.9	43.0
None of the above	50	56.2	100.0

D. SOCIAL ISSUES

Exploration of sustainability accounting practices was also carried out by exploring social issues relevant to SMEs in Bali Province. Various things related to social issues that have been carried out by SMEs are shown in Table 9. The relationship between employers and employees in the form of flexibility in working hours and leave has only been implemented by 10.1% of the SMEs studied in this research. Meanwhile, other social issues related to facilities, soft loans, health and safety programs, travel and activities (events), relations with trade unions, social dialogue and respect for workers, as well as remuneration have been carried out well. This is shown by more than half of the companies stating that these issues have been carried out by the company.

Table 9. Statements Related to Social Issues that Reflect the Company

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Implement flexible working hours and leave	No	80	89.9	
	Yes	9	10.1	10.1
Provide adequate facilities	No	4	4.5	
	Yes	85	95.5	95.5
Inform that you have a soft loan	No	6	6.7	
	Yes	83	93.3	93.3
Have a health and safety program	No	0	0.0	
	Yes	89	100.0	100.0
Inform travel and activities (<i>event</i>)	No	12	13.5	
	Ya	77	86.5	86.5
Establish relationships with trade unions	No	8	9.0	
	Yes	81	91.0	91.0
Carrying out social dialogue, respecting workers' rights	No	0	0.0	
	Yes	89	100.0	100.0
Provide decent remuneration	No	0	0.0	
	Yes	89	100.0	100.0

Training and education are social fields that can be carried out by SMEs. Table 10 shows that training, development and work education for employees is an important social issue so that more than half of companies have implemented it, except for sustainability accounting education and training.

Table 10. Training and Education

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Providing job training, development and education for employees	No	39	43.8	
	Yes	50	56.2	56.2
Provide equal opportunities and access to training and development	No	29	32.6	
	Yes	60	67.4	67.4
Evaluate regular performance and provide career development services	No	26	29.2	
	Yes	63	70.8	70.8
Conduct communication and training on human rights policies, anti-corruption and bribery policies	No	25	28.1	
	Yes	64	71.9	71.9
Providing education and training related to sustainability accounting	No	89	100.0	
	Yes	0	0.0	0.0

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Judging from the diversity and opportunities that exist in SMEs in Bali Province, it shows that SMEs in Bali Province respect job diversity (gender, age, minorities) and respect gender equality (salary, remuneration, promotion) at 92.1% and 100.0% respectively. However, SMEs that provide equal opportunities for people with special needs to work in companies are still low (4.5%).

Table 11. Diversity and Opportunity

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Value job diversity (gender, age, minorities)	No	7	7.9	
	Yes	82	92.1	92.1
Respect gender equality (salary, remuneration and promotion)	No	0	0.0	
	Yes	89	100.0	100.0
Accepting workers with special needs	No	84	95.5	

SMEs in Bali Province have sensitivity to local communities which is demonstrated by providing donations for education, research, health, etc.; donations of employee time and/or expertise to carry out volunteer work in the community; provision of free goods and services for social activities; as well as organizing entertainment, restoration and exhibitions. This is an option for SMEs in Bali Province to realize their social sensitivity towards local communities. Table 12 shows that the percentage of SMEs that have done these things is more than half.

Table 12. Local Community

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Providing donations (education, research, health, etc.)	No	12	13.5	
	Yes	77	86.5	86.5
Donate employee time and/or expertise to carry out volunteer work in the community.	No	7	7.9	
	Yes	82	92.1	92.1
Procure free goods and services for social activities.	No	0	0.0	
	Yes	89	100.0	100.0
Organizing entertainment, restoration and exhibitions.	No	0	0.0	
	Yes	89	100.0	100.0

An exploration of sustainability accounting practices in terms of social issues was also carried out to determine respondents' responses to product responsibility carried out by SMEs (Table 13). All respondents stated that SMEs had carried out health and safety impact assessments on products and services and received suggestions from clients. A large number of respondents considered the company responsible for its products by conducting customer satisfaction surveys and providing special products or services dedicated to the less fortunate, 69.7% and 85.4% respectively. However, only 2.2% of SMEs place advertisements containing social messages. This shows that awareness needs to be increased at the expense of total ignorance and/or indifference to sustainability issues.

Table 13. Product Liability

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Place advertisements that contain social value	No	87	97.8	
	Yes	2	2.2	2.2
Conduct surveys measuring customer satisfaction	No	27	30.3	
	Yes	62	69.7	69.7
Assess the health and safety impact of products and services	No	0	0.0	
	Yes	89	100.0	100.0
Providing special products or services dedicated to the less fortunate	No	13	14.6	
	Yes	76	85.4	85.4
Receive suggestions from client companies	No	0	0.0	
	Yes	89	100.0	100.0

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Suppliers are an important stakeholder group in sustainability accounting. Therefore, respondents were asked to identify the extent to which SMEs communicate social issues to suppliers. Table 14 shows that health and safety in the workplace is something that most SMEs (82.0%) convey to suppliers, mainly driven by regulatory requirements. Another thing that was conveyed to the company was regular working hours, as a form of compliance with applicable regulations (64.0%).

Table 14. Supplier

The Company	Answers	Frequency	Valid Percent	Cummulative Percent
Explain work risks.	No	82	92.1	
	Yes	7	7.9	7.9
Explain the criteria for human rights.	No	80	89.9	
	Yes	9	10.1	10.1
Explain that health and safety in the workplace is guaranteed.	No	16	18.0	
	Yes	73	82.0	82.0
Inform that salaries comply with the law or the industry minimum wage.	No	86	96.6	
	Yes	3	3.4	3.4
Inform about implementing regular working hours.	No	32	36.0	
	Yes	57	64.0	64.0
Explain the criteria for impact on society.	No	82	92.1	
	Yes	7	7.9	7.9

E. ENVIRONMENT ISSUES

Exploration of sustainability accounting practices related to environmental issues is described as follows. If we look at raw materials, research findings show that SMEs in Bali Province do not appear to be optimal in using recycled materials; make production, use and disposal of products more environmentally friendly; and life cycle assessment. This is shown by the respondents' answers, where less than 50.0% said they did not do this.

Table 15. Raw Material

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Reduce material use by using recycled materials.	No	51	57.3	
	Yes	38	42.7	42.7
Make the production, use and disposal of products more environmentally friendly (easier to maintain, repair or use).	No	47	52.8	
	Yes	42	47.2	47.2
Conduct a life cycle assessment.	No	46	51.7	
	Yes	43	48.3	48.3

The issue of energy as a field of sustainability implemented by SMEs is another thing that is being explored in relation to environmental issues. Table 16 shows that popular efforts made by SMEs in Bali Province to maintain sustainability are taking the initiative to reduce energy consumption and using natural light whenever possible.

Table 16. Energy (Including Lighting, Heating, and Production Equipment)

The Company	Answers	Frequency	Valid Percent	Cummulative Percent
Use reminders and promotional materials to raise awareness of shutdowns and good practices.	No	32	36.0	
	Yes	57	64.0	64.0
Take initiatives to reduce energy consumption (energy saving lamps, daylight sensors, timers and motion sensor lamps).	No	0	0.0	
	Yes	89	100.0	100.0
Use natural light whenever possible (clean windows and skylights, open all curtains, set up tables near windows).	No	0	0.0	
	Yes	89	100.0	100.0
Has more clearly labelled switches (more control).	No	27	30.3	
	Yes	62	69.7	69.7

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Regarding heating as an area of sustainability that has been pursued by SMEs in Bali Province, it shows that SMEs have reduced heating consumption and heat loss, increased awareness of the high costs of electricity consumption such as AC and electric heaters, and regularly checked and maintained heating systems and air conditioning units. However, SMEs that use clean/renewable energy are still minimal, namely 4.5% (Table 17).

Table 17. Heating

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Take initiatives to reduce heating consumption (e.g., thermostats, radiator valves, zone controls and timers, not heating empty buildings, not blocking heat emitters).	No	0	0.0	
	Yes	89	100.0	100.0
Reduced heat loss (e.g., double glazing, insulation, separate areas with different temperatures, heating only working when the door is closed).	No	0	0.0	
	Yes	89	100.0	100.0
Raise awareness of how expensive AC and electric heating are.	No	0	0.0	
	Yes	89	100.0	100.0
Regularly inspect and maintain heating systems and air conditioning units.	No	0	0.0	
	Yes	89	100.0	100.0
Using clean/renewable energy (e.g., wood biomass boiler, solar system, etc.).	No	85	95.5	
	Yes	4	4.5	4.5

The use of production equipment was also explored to determine sustainable accounting practices from an environmental issue perspective. The results show that SMEs in Bali Province have taken sustainability actions, which can be seen from turning off machines that are idle and not in use, labelling switches and providing staff training, managing equipment optimization, and regularly checking and maintaining equipment (Table 18).

Table 18: Production Equipment

The Company:	Answers	Frequency	Valid Percent	Cummulative Percent
Turn off the engine when it is idling and turn it off when not in use.	No	0	0.0	
	Yes	89	100.0	100.0
Take action i.e., switches are labelled and staff are trained in proper machine operating procedures so they know what can be turned off.	No	0	0.00	
	Yes	89	100.0	100.0
Perform optimal settings for equipment in use.	No	0	0.0	
	Yes	89	100.0	100.0
Install higher efficiency equipment.	No	55	61.8	
	Yes	34	38.2	32.2
Carrying out periodic checks and maintenance of equipment.	No	0	0.0	
	Yes	89	100.0	100.0

Exploration of waste as another measure of sustainability shows that all forms of waste handling are popular sustainability measures. Table 19 shows that more than half of the companies studied answered that they had done this.

Table 19. Waste

The Company	Answers	Frequency	Valid Percent	Cummulative Percent
Take initiatives to reduce waste (printing and photocopying responsibly, using recycled cartridges, using less, reusable/returnable packaging).	No	35	39.0	
	Yes	54	60.7	60.7
Recycle what the company can (electrical equipment, oil, batteries, furniture).	No	44	49.4	
	Yes	45	50.6	50.6

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Selling used company materials to other companies.	No	41	46.1	
	Yes	48	53.9	53.9
Provide plenty of recycling bins and clearly label them.	No	37	41.6	
	Yes	52	58.4	58.4
Educate staff about planning and recycling.	No	36	40.4	
	Yes	53	59.6	59.6
Put up posters as a reminder to follow good practices.	No	39	43.8	
	Yes	50	56.2	56.2

In terms of transportation and greenhouse gases, all SMEs in Bali Province have improved route planning for visits and deliveries; reducing the frequency of dispatches and using appropriate vehicles for the job; and consider space, fuel efficiency, reliability and exhaust emissions when purchasing vehicles and converting existing vehicles to cleaner fuels. SMEs in Bali Province also mostly carry out routine vehicle servicing to reduce emissions (93.3%) and take initiatives to reduce greenhouse gas emissions outside of legal obligations (91.0%). However, most SMEs still choose not to use tele/video conferencing, which could be because face-to-face meetings are considered more effective than online.

Table 20. Transportation and Greenhouse Gases

The Company	Answers	Frequency	Valid Percent	Cummulative Percent
Encourage staff and visitors to use public transport or share rides (e.g., cycle to work schemes).	No	89	100.0	
	Yes	0	0.0	0.0
Improve route planning for visits and deliveries.	No	0	0.00	
	Yes	89	100.00	100.0
Use tele/video conferencing whenever possible.	No	51	57.3	
	Yes	38	42.7	42.7
Reducing the frequency of deliveries and using the right vehicle for the job.	No	0	0.0	
	Yes	89	100.0	100.0
Consider space, fuel efficiency, reliability and exhaust emissions when purchasing a vehicle and converting existing vehicles to cleaner fuels.	No	0	0.0	
	Yes	89	100.0	100.0
Carry out routine vehicle servicing to reduce emissions.	No	6	6.7	
	Yes	83	93.3	93.3
Take initiatives to reduce greenhouse gas emissions beyond legal obligations.	No	8	9.0	
	Yes	81	91.0	91.0

Various efforts have been made by SMEs in Bali Province to improve their sustainability (Table 21) such as incorporating sustainability goals into supply chain relationships (65.2%), screening new suppliers using environmental criteria (62.9%), and developing products and services that reduce or prevent damage. environment (59.6%). However, SMEs that include sustainability performance indicators in employee evaluations (43.8%) and provide incentives to business partners to adapt sustainable business practices are still low (24.7%).

Table 21. Overall

The Company	Answers	Frequency	Valid Percent	Cummulative Percent
Screen new suppliers using environmental criteria.	No	33	37.1	
	Yes	56	62.9	62.9
Incorporate sustainability goals into supply chain relationships.	No	31	34.8	
	Yes	58	65.2	65.2
Incentives to business partners to adapt sustainable business practices.	No	67	75.3	
	Yes	22	24.7	24.7
Incorporate sustainability performance indicators in employee evaluations.	No	50	56.2	
	Yes	39	43.8	43.8
Develop products and services that reduce or prevent environmental damage.	No	36	40.4	
	Yes	53	59.6	59.6

V. CONCLUSIONS

This research confirms that the level of awareness of sustainability accounting reporting among SMEs in Bali Province is still very low. The main barrier is a lack of understanding or information about the risks/benefits of sustainability. SMEs need education and training in sustainability accounting because this is still not an agenda for SMEs in Bali Province. The definition of sustainability reporting is not yet known by SMEs in Bali Province. Even though they are very reactive in pursuing sustainability measures, SMEs in Bali Province have not published sustainability reports.

The results of this research can motivate SMEs to make improvements in the management process. Socially, environmentally and economically responsible business from SMEs can be carried out through the implementation of business strategies that still take into account the interests and needs of different stakeholders. Research findings can also stimulate the importance of developing sustainability reporting for SMEs according to the organizational context.

This research has limitations that have the potential for further research. First, this research was only conducted in the context of developing countries, SMEs in Bali Province, Indonesia, thereby limiting the understanding of sustainability accounting practices in SMEs. Further research can be carried out in other countries with different SME characteristics. Second, this study used a limited sample with a usable response rate of 17.94%. Future research can use a larger sample size to further confirm the findings of this study.

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