



## THE NORMATIVE ROLE OF FAMILY BUSINESS ETHICS IN SHAPING THE INTEGRATION OF FINANCIAL REPORTING AT THE HERLY SHOP MSME IN AMBON CITY

### PERAN NORMATIF ETIKA BISNIS KELUARGA DALAM MEMBENTUK INTEGRASI PELAPORAN KEUANGAN PADA UMKM HERLY SHOP DI KOTA AMBON

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#### Abstract

Family-owned MSMEs (MSMEs) play a vital role in the local economy, but they still face challenges in financial management and reporting, particularly regarding the mixing of personal and business finances. This community service project aims to implement the normative role of family business ethics in integrating financial reporting at the Herly MSME Store in Ambon City. The method used was Participatory Action Research through interviews, group discussions, training, and mentoring. The activity focused on internalizing family business ethics values and implementing a simplified financial reporting system based on the Indonesian MSME Financial Accounting Standards (SAK). The results demonstrated increased understanding, skills, and changes in attitudes toward financial transparency and accountability. The integration of family business ethics has been shown to support more structured and sustainable financial reporting.

**Keywords :** MSMEs, family business, business ethics, financial reporting.

#### Abstrak

UMKM milik keluarga memainkan peran penting dalam perekonomian lokal, tetapi mereka masih menghadapi tantangan dalam pengelolaan dan pelaporan keuangan, terutama terkait pencampuran keuangan pribadi dan bisnis. Proyek pengabdian masyarakat ini bertujuan untuk mengimplementasikan peran normatif etika bisnis keluarga dalam mengintegrasikan pelaporan keuangan di Toko UMKM Herly di Kota Ambon. Metode yang digunakan adalah Penelitian Tindakan Partisipatif melalui wawancara, diskusi kelompok, pelatihan, dan pendampingan. Kegiatan ini berfokus pada internalisasi nilai-nilai etika bisnis keluarga dan penerapan sistem pelaporan keuangan yang disederhanakan berdasarkan Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM) Indonesia. Hasilnya menunjukkan peningkatan pemahaman, keterampilan, dan perubahan sikap



terhadap transparansi dan akuntabilitas keuangan. Integrasi etika bisnis keluarga telah terbukti mendukung pelaporan keuangan yang lebih terstruktur dan berkelanjutan.

**Kata Kunci :** UMKM, bisnis keluarga, etika bisnis, laporan keuangan.

## 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy, contributing significantly to national economic growth (Al-ghifary et al., 2025). In Ambon City, MSMEs are a crucial sector that strengthens the local economy and absorbs labor. One form of MSME that is growing is retail businesses, such as Toko Herly, which operates in the retail trade sector. The majority of MSMEs in Indonesia, including in Ambon City, still face various challenges in financial management. The main problems often encountered include: (1) the absence of a structured and integrated financial recording system, (2) limited understanding of good financial reporting standards, (3) difficulty in separating personal and business finances, and (4) lack of awareness of the importance of ethics in running family business operations.

Most MSMEs still operate using traditional business models and have not yet adopted modern financial management systems. This phenomenon is not unique to MSMEs in Ambon City but is a common problem faced by the majority of MSMEs in Indonesia. As a result, many MSMEs struggle to access financing from formal financial institutions due to a lack of credible financial reports. Toko Herly, a retail MSME in Ambon City, also faces similar challenges. In the context of family businesses, decision-making is often based on customs and traditions without considering the ethical aspects of business that should be the foundation. Family business ethics play a crucial normative role in shaping the behavior of business actors in conducting business operations, including in financial reporting.

The implementation of strong family business ethics will encourage better financial reporting integration. This integration includes accurate record-keeping, financial transparency, separation of personal and company assets, and compliance with applicable norms. Therefore, community service efforts are needed to raise awareness and understanding of the role of family business ethics in developing an integrated financial reporting system.

Toko Herly UMKM is a retail business in Ambon City that has been operating for over 15 years. As a family business, Toko Herly involves several family members in operational management and strategic decision-making. Despite showing consistent growth, Toko Herly faces crucial challenges in financial management, particularly related to the integration of standardized financial reporting. This Community Service (PkM) proposal aims to address the main problem at Toko Herly (a family-owned UMKM in Ambon), namely the poor integrity of financial reporting due to the mixing of business and family funds..

## 2. RESEARCH METHOD

This community service activity was implemented using a Participatory Action Research (PAR) approach, a participatory approach that positions partners as active participants



throughout the entire process, from problem identification to solution implementation. This approach was chosen because it aligns with the characteristics of family-based MSMEs, which have dynamic values, emotional relationships, and informal financial management practices.

#### **a. Approach and Subject of Community Service**

The subject of the community service was the Herly UMKM Store in Ambon City, a family-owned retail business. The partners included the business owner, family members involved in operations, and employees involved in financial and administrative management.

#### **b. Data Collection Method**

Data collection was carried out using qualitative methods, namely: In-Depth Interview, to explore the initial conditions of financial management, understanding of family business ethics, and problems faced by partners. Focus Group Discussion (FGD), to identify the ethical values of family businesses and build a shared understanding regarding the importance of financial reporting integration. Participatory Observation, to directly observe ongoing financial recording and reporting practices. Documentation Study, by reviewing simple financial documents owned by partners.

#### **c. Implementation Stages**

The implementation of community service is carried out through several stages, namely: Preparation Stage, includes coordination with partners, initial observations, and identification of community service needs. Socialization Stage, in the form of delivering material regarding the role of family business ethics and the importance of integrated financial reporting. The training phase includes training in recording financial transactions and preparing simple financial reports in accordance with MSME SAK. Mentoring Stage, namely direct assistance in implementing the financial reporting system and internalizing family business ethical values in financial practices. Evaluation Stage, to assess improvements in understanding, skills, and changes in partner attitudes towards financial management and reporting.

#### **d. Analysis and Evaluation Techniques**

The evaluation was conducted descriptively and qualitatively by comparing conditions before and after the service, based on interviews, observations, and discussions. Indicators of success included improved understanding of family business ethics, the ability to prepare simple financial reports, and the development of a more structured, transparent, and accountable financial reporting system.

#### **e. Partner Participation**

The success of this community service activity is largely determined by the active involvement of partners throughout all stages of implementation. Therefore, the service partner, the Herly UMKM Shop in Ambon City, played a direct and participatory role from the planning stage through the evaluation of the activity.

Partner participation in this community service activity includes:

- ✓ Planning Stage



Partners participate in the problem identification process through initial discussions and interviews, particularly regarding financial management conditions, the implementation of family business ethics, and the need for an integrated financial reporting system.

✓ Implementation Stage

Partners play an active role by participating in all outreach, training, and mentoring activities. Owners, family members, and employees are directly involved in discussions, transaction recording practices, the preparation of simple financial reports, and the application of family business ethical values to daily financial operations.

✓ Provision of Data and Facilities

Partners provide the necessary financial data and documents, such as cash books and transaction records, as well as prepare the place and time for implementing community service activities so that the training and mentoring process runs effectively.

✓ Implementation and Sustainability Stage

Partners are committed to implementing a consistently prepared financial reporting system, including the separation of personal and business finances, as well as the application of family business ethics standards in financial management.

✓ Evaluation Stage

Partners participate in the evaluation process through reflective discussions, providing feedback, and assessing the benefits and impacts of community service activities on financial management and business sustainability.

With the active participation of partners, this community service activity is expected to produce real and sustainable changes, both in the technical aspects of financial reporting and in the internalization of family business ethical values at the Herly UMKM Store.

### 3. RESULT AND DISCUSSION

The results of the community service activities indicate that the goal of improving partners' understanding of the role of family business ethics in financial management has been achieved. Through outreach and participatory discussions, the owners and family members of the Herly MSME Shop understand the importance of honesty, transparency, accountability, and fairness as the foundation for running a family business. This understanding is reflected in the partners' changing attitudes, who are more open in discussing the business's financial condition and are committed to managing finances responsibly.

In line with the goal of implementing an integrated financial reporting system, the results of the activities indicate that partners are able to record transactions and prepare simple financial reports in accordance with the Indonesian Financial Accounting Standards (SAK) for MSMEs. Partners have begun separating personal and business finances and implementing routine recording of all business transactions. This helps business owners understand their financial position more clearly and supports more informed, data-driven business decision-making.



Furthermore, the goal of increasing financial transparency and accountability in the family business has also been achieved. Regularly prepared financial reports serve as a financial communication tool among family members, thereby increasing trust and reducing the potential for conflict. Thus, the integration of family business ethics and a simple financial reporting system has proven effective in strengthening business governance and supporting the sustainability of the Herly MSME Shop in Ambon City.

#### 4. CONCLUSION

This study concludes that the integration of family business ethics plays a decisive normative role in shaping structured, transparent, and sustainable financial reporting practices at the Herly Shop MSME in Ambon City. Through a participatory action approach, the community service program successfully internalized core ethical values—honesty, transparency, accountability, and fairness—among business owners and family members involved in operations. These ethical values became the foundation for meaningful behavioral change, particularly in separating personal and business finances and implementing routine financial recording. As a result, partners were able to prepare simple but standardized financial reports in accordance with SAK EMKM, thereby improving financial transparency and accountability. Furthermore, integrated financial reporting strengthened internal communication among family members, reduced potential conflicts, and enhanced trust within the family business. Overall, the findings demonstrate that strengthening ethical awareness alongside technical financial training is essential for improving governance and ensuring the long-term sustainability of family-owned MSMEs.

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