

Practices of Small and Medium Enterprises in Bookkeeping in the Municipality of Juban

Aizel Deri Jao¹; Danilo E. Despi²

¹Saint Louise de Marillac College of Sorsogon, Inc. Burgos Street, Talisay Sorsogon City, Philippines

²Saint Louise de Marillac College of Sorsogon, Inc. Burgos Street, Talisay Sorsogon City, Philippines

Publication Date: 2026/08/07

Abstract: This study investigated the bookkeeping practices and challenges faced by Small and Medium Enterprises (SMEs) in Juban, Sorsogon, which aimed to create a localized intervention for enhanced financial management. Employing descriptive-evaluative research design and total enumeration sampling for all nine (9) registered SMEs, focusing on business owners and bookkeepers. SMEs in Juban, rely on outsourcing to handle complicated tax laws and technical infrastructure constraints while using a combination of technology-and-manual bookkeeping approach. Business struggle to keep personal costs apart and how a high level of regulatory anxiety while having effective internal controls, which leads to the usage of social media for compliance updates. To facilitate financial tracking, enhance cash flow visibility and provide a crucial trail, the study suggests a thorough SME Bookkeeping Workbook. As a recommendation, the Bureau of Internal Revenue (BIR), Department of Trade and Industry (DTI) and the Local Government Unit (LGU) work together to offer seminars that highlight tax compliance as a strategic management tool, offline accounting tool support, and digital literacy workshops to address these issues. By keeping personal and business accounts separate, generating document back-ups and formalizing error correction procedures, business owners can enforce strict financial discipline. Financial literacy deficiencies can also be filled through LGU-sponsored peer mentoring and establishment of quarterly financial briefings by outside bookkeepers. Lastly, to create an audit-ready trail, maximize cash visibility, and guarantee accurate, trustworthy financial records, SME should incorporate the suggested bookkeeping workbook into their everyday operations.

Keywords: *Bookkeeping Practices, Small and Medium Enterprises (SMEs), Descriptive-Evaluative Design, Fund Mixing, Tax Compliance, Financial Management, Juban Sorsogon, Bookkeeping Workbook, Regulatory Compliance, Bureau of Internal Revenue (BIR), Financial Literacy, Audit Trail.*

How to Cite: Aizel Deri Jao; Danilo E. Despi (2026) Practices of Small and Medium Enterprises in Bookkeeping in the Municipality of Juban. *International Journal of Innovative Science and Research Technology*, 11(7), 3247-3264. <https://doi.org/10.38124/ijisrt/26jul1108>

I. INTRODUCTION

Small and medium-sized businesses (SMEs) are the foundation of both local and global economies. These businesses serve as the main promoters for industrial innovation, job creation, and socio-economic change in the global macroeconomic environment. SMEs contribute significantly to the global Gross Domestic Product (GDP), accounting for 50% of employment globally and around 90% of all business entities, according to international financial measurements.

However, the quality of these businesses' financial management systems, most notably the structural integrity of their daily bookkeeping procedures, is crucial to their long-term survival, capacity and profitability. The systematic and sequential recording of financial transactions is known as bookkeeping, and it offers the fundamental factual data required for credibility, assessment, performance evaluation and strategic decision making.

➤ Global Barrier to Systematic Financial Record-Keeping

Despite the clear importance of formal accounting, small businesses around the world face persistent weaknesses in record-keeping. Research indicates that many micro and small-scale entrepreneurs rely on informal, disorganized, memory-based financial tracking (Amoako, 2013). This widespread informality is rarely intentional decision; rather, caused by systematic challenges, such as owner-manager's lack of formal accounting expertise, the high cost of hiring professional Certified public Accountant (CPA) services, and general lack of basic accounting tools designed for small operations.

Business functions in an information environment when financial tracking is disregarded; managers are unable to estimate cash flows, compute precise profit margins, or obtain formal banking credit, which eventually increases the rate of operational failure during economic downturns.

➤ *The Philippine Context: Regulatory Mandates versus Operational Realities*

At the national level, the Philippines' economy reflects this worldwide dependence on small businesses. According to data from the Department of Trade and Industry (DTI, 2023), over 99% of all registered business establishments in the country are Micro, Small and Medium Enterprises (MSMEs) which effectively anchor national employment and community-level trade. The Philippine government, through the Bureau of Internal Revenue (BIR), strictly requires all registered business to maintain official books of accounts for tax transparency and auditing purposes.

Despite these strict statutory requirements, there is still a significant gap between legal mandates and operational realities. Many Filipino business owners see bookkeeping as a costly, complicated, and “compliance-burden” rather than a strategic tool for company expansion (Mazzarol et al., 2025). Backdated ledger entries, transactional gaps and unorganized financial reporting are results of this perception. As a result, there are significant dangers for domestic SMEs such as high BIRR regulatory fines, inadequate working capital management and early company failure.

➤ *The Rural Entrepreneurial Landscape and Micro-Level Problems.*

The difficulties of managing SME finances grow much more severe as one falls the ladder into rural and semi-urban provincial settings. Rural business faces significant resource limitations, whereas urban economic centers like Metro Manila or Cebu enjoy the advantages of extensive accounting networks, digital infrastructure, and easily accessible financial literacy programs.

In these developing regions, business owners face localized hurdles that disrupt standard accounting practices: First, Limited access to Accounting Education: Local business owners hardly ever receive official instruction in tax laws, double-entry bookkeeping, or fundamental accounting. Second, Manual versus Digital Divide: Manual paper-based ledgers are far more common than digital accounting software because of uneven digital infrastructure, expensive software subscription fees, and low computer proficiency. And third, is Co-Mingling of Funds: Combining personal and corporate financial resources is a very important problem in family-run firms. Financial statements are distorted by this approach, making it nearly impossible to evaluate the enterprise's actual profitability and financial health.

➤ *The Local Context: The Municipality of Juban, Sorsogon.*

At the base of this is the Municipality of Juban, Sorsogon- a fourth-class municipality with a growing local economy and an expanding sector of small-scale businesses. Diverse small-scale business entities, from localized agribusiness to retail storefronts (sari-sari stores), characterize Juban's commercial landscape. Even though the local government unit (LGU) has effectively implemented a number of livelihood programs to encourage

entrepreneurship there is scarcity of evidence about the actual financial literacy, internal compliance, and record-keeping practices of these supported firms.

SME financial distress in large cities has been extensively studied, but little is known about Sorsogon's rural entrepreneurial environment, and in Juban in particular. Whether these local SMEs try to adhere to standard accounting principles or if they have created unofficial, inaccurate tracking techniques to survive is yet unknown statistically.

By identifying the struggle points that local company owners in the Municipality of Juban experience, this study fills a significant gap in the literature. The international financial reporting requirements (IFRS) for SMEs and other theoretical accounting requirements are very different from the day-to-day operations of rural businesses.

The main goal of this study is to examine and record current bookkeeping procedures, assess their effectiveness, and pinpoint operational difficulties. In the end the empirical knowledge acquired from this research will function as diagnostic basis for creating a personalized, user-focused Bookkeeping Workbook, an intervention tool intended to close the gap between compliance regulations and real-world business requirements, improving the long-term operational effectiveness and financial sustainability of local businesses in Juban.

➤ *Problem Statement*

This study examined and analyzed the bookkeeping procedures of SMEs in the Municipality of Juban, Sorsogon, and to address the difficulties they have in keeping accurate financial records.

This research specifically aimed to respond to the following queries:

- *What are the Practices of Bookkeeping in Line with*
 - ✓ Accumulation and recognition of financial source documents,
 - ✓ Bookkeeping system and tools currently used,
 - ✓ Internal controls in their bookkeeping processes, and
 - ✓ Regulatory Compliance?
- *What are the challenges encountered by bookkeepers among Small and Medium Enterprises in terms of*
 - ✓ Accumulation and recognition of financial source documents,
 - ✓ Bookkeeping system and tools currently used,
 - ✓ Internal controls in their bookkeeping processes, and
 - ✓ Regulatory Compliance?
- *How do bookkeepers address the challenges encountered?*
- *What workbook could be proposed to assist bookkeepers intended for Small and Medium Enterprises?*

II. METHODOLOGY

➤ Research Design

A descriptive-evaluative research strategy was utilized in the study to carefully examine local firm's bookkeeping procedures. This dual approach is chosen to guarantee that the study offered an assessment foundation for improvement in addition to mapping out the situation.

The Descriptive Component, according to Micabalo et al. (2025), is a purposeful process of collecting, analyzing, and tabulating data about prevailing conditions, practices and beliefs. In the context of this study this design was crucial for:

- Mapping Financial Operations: Systematically recording what and how of daily financial recordings.
- Identifying Pain Points: Listing the challenges and obstacles faced by entrepreneurs without professional accounting training without altering any factors.
- Establishing a Baseline: Giving a factual and accurate snapshot of the community's present record keeping and financial literacy practices without changing any of the variables.
- The Evaluative Component, as stated by Greflade (2020), goes beyond simple description by comparing the efficacy of existing procedures to a set of criteria or intended results. This element was essential for:
- Assessing Efficiency: It enabled the researcher to determine whether current bookkeeping practices were adequate for long-term business sustainability.
- Informing Intervention: The evaluative component acted as a link between the issues and its solution. To ensure the suggested solution addressed the inefficiencies found during the descriptive phase, the collected data underwent a need and requirements assessment.

By integrating these two designs, the study guaranteed a comprehensive and in-depth method. While the descriptive phase offered the basic reality of the local business environment, the evaluative phase provided the essential perspective required to create a workable intervention, this ensured a data-driven solution created especially to address the real competencies and difficulties of the target respondents.

➤ The Respondents

The officially registered Small and Medium Enterprises (SMEs) that operated under the authority of the Municipality of Juban, Sorsogon, made up the study's respondents. To reflect the financial environment of a fourth-class municipality, where business dynamics frequently diverge from those of larger urban areas, this demographic was selected.

According to the data from the Business Permit and Licensing Office (BPLO), there were nine (9) SMEs in the municipality that satisfied the Department of Trade and Industry criteria regarding assets size and employee count. Because the population is small and manageable, the

researcher utilized Total Enumeration Sampling, also called Universal Sampling. Creswell and Creswell (2023) said that, this non-probability sampling method is ideal for small population because it eliminates sampling error and offers a comprehensive group census. By incorporating all nine companies, the analysis avoided the possible biases or lack of generalizability that frequently arise when utilizing smaller subsets, ensuring that the results accurately reflected Juban's bookkeeping environment (Micabalo et al. 2025).

The business owners, managers, or selected internal bookkeepers will be the actual participants who completed the study instrument. Ther following inclusion criteria were developed to guarantee the accuracy and technical soundness of the data collected.

- The respondents must have had daily direct control over how financial transactions are recorded.
- To submit verified data, the respondent must have complete access to the company's financial records and ledger systems.
- The respondents must have spent at least six months actively participating in the financial operations of the company, as this timeframe guaranteed a thorough understanding of regulatory compliance and internal controls (Jimenez, 2024).

Focusing on these nine respondents was crucial because of the economic pressure that businesses in fourth-class municipalities faced. In these settings the human factor was a significant variable; business owners frequently performed multi-tasking roles, acting as manager, marketers, and accountants at the same time. According to Grefalde (2020), this fusion of roles requires a 100% participation rate. Total enumeration enabled the researcher to capture the complex of these owner-managers, guaranteeing that the suggested solution was based on the real-day experiences of Juban's SME sector.

➤ Research Instrument

The main instrument used to collect data was a Researcher-Developed Structured Interview Questionnaire, which went beyond straight forward "yes/no" questions to discover narrative, in-depth responses. This qualitative depth enabled a detailed analysis of the respondent's operational realities, financial literacy, and the complexities of their bookkeeping habits.

The questions were based on the Philippine Financial Reporting Standards (PFRS) for SMEs and local Philippine accounting frameworks, which emphasize that systematic record-keeping is not just a clerical task but a cornerstone of business sustainability (Ball & Thoraneenitiyan, 2024). By aligning the questionnaire with these standards, the study guaranteed that the data collected was both technically sound and professionally relevant.

The instrument was organized into four strategic sections, each designed to capture a specific dimension of the SMEs financial health:

- Section I. Evaluation of Bookkeeping Procedures. This section assessed the mechanics of the company's financial recording, focusing on the collection of source documents, the sophistication of tools (manual ledger vs digital software), and consistency of internal controls. According to Sarpong-Danquah et al. (2022), these standardized procedures are the cornerstones of tax transparency and SME scalability.
- Section II. Operational Reality and Financial Literacy. The respondent's comprehension of accounting principles was examined in this section. It investigated how they evaluated financial information and how much they used formal accounting reasoning in their day-to-day business choices.
- Section III. Challenges and Coping Mechanisms. This portion, which was qualitative and exploratory in character, used open-ended questions to pinpoint the challenges bookkeepers encountered, such as time restriction, and technical difficulty, as well as the unofficial methods they employed to close these gaps.
- Section IV. Intervention Requirements. The last portion serves as a user needs assessment. It gathered information on certain layouts, features, and language preferences that the respondents would find most useful. This ensured that the final Bookkeeping Workbook was highly functional for the local Juban environment and user centered.

To ensure clarity the instrument was administered through in-person interviews. To properly capture and comprehend the human-factor of small-scale bookkeeping, where the owner frequently acted as the sole accountant, this method enabled the researcher to explain technical accounting concepts in the local dialect when needed (Grefalde, 2020).

➤ Data Collection Procedures

The data gathering process for this study was structured into three distinct phases: Preparation, Implementation and Post-Collection. This systematic and rigorous method guaranteed that the study upheld the highest ethical standards, maintained participants confidentiality, and secured absolute data integrity all throughout the research timeline.

- Phase I. Preparation and Administrative Clearance. Before engaging with target respondents, the researcher secured the necessary institutional and governmental clearances to establish the legality of fieldwork. A formal Letter of Request to Conduct the Study signed and endorsed by the institutional authority, was officially submitted to the Office of the Municipal Mayor and the Business Permit and Licensing Office (BPLO) of the Municipality of Juban, Sorsogon. This official correspondence served as the formal introduction and aided the researcher in obtaining the official updated, updated registry of legally operating SMEs that met the precise criteria of the study. Following these administrative procedures complied with the standards established by Creswell and Creswell (2023),

guaranteeing the study's legitimacy and professional authorization.

- Phase II. Implementation and Fieldwork. Following the administrative approvals, the researcher began the actual collection of field data. First, the researcher personally visited each of the nine (9) identified SMEs within the municipality. Since the study utilized Total Enumeration approach, every single enterprise listed on the official BPLO registry was contacted and invited to participate. Prior to administration of any research tool, the identified respondents-consisting of business owners, managers, or bookkeepers – were provided with an Informed Consent Form. This document explicitly outlined the study's objectives, potential benefits, and guaranteed that their personal identities and sensitive business financial information would be kept strictly confidential in accordance with Data Privacy Act of 2012 (R.A 10173). Once consent was granted the researcher guided the respondents through the structured interview questionnaire, explaining or providing clarifications in the local dialect when necessary to ensure the accuracy of responses.
- Phase III. Post-Collection and Data Processing. The final stage focused on the transformation of raw data into organized information that was ready for analysis. After gathering the instruments, the researcher checked for completeness. Short follow-up interviews were conducted to better understand narrative responses regarding bookkeeping challenges. The collected data were be coded and tabulated. As stated by Sekaran and Bougie (2019), this systematic tabulation guarantees consistency and reliability and provides a clean data set that served as the actual foundation for the proposed bookkeeping workbook.

➤ Data Analysis Method

The researcher utilized a Qualitative-Descriptive Approach, specifically Thematic Analysis, to understand the data collected from SMEs in Juban. To give a comprehensive and in-depth description of the participants' bookkeeping practices, difficulties, and coping strategies, this method was employed to find, examine, and report patterns or "themes" within the data.

The analysis adhered to Braun and Clarke's (2006) six-step framework:

- *First: Becoming Familiar with Data.*

The first step for the researcher was to convert all handwritten interview questionnaire responses into digital format. To become fully immersed in the materials, the researcher made preliminary notes on concepts that kept coming up, "BIR compliance," the technical glitches," and manual filing".

- *Second: Generating Initial Codes.*

During this stage, the researcher created preliminary codes by labeling textual passages that were pertinent to the research topics. References to "software hanging" were categorized under technical Issues, whereas answers to

“bank reconciliation” or limited access to records were coded under Internal Control Measures.

- *Third: Looking for Themes.*

Following the initial coding of all data, the researcher grouped the code into more general potential themes. This entailed grouping comparable codes that represented noteworthy bookkeeping practices or challenges. For example, codes such as “tax mapping”, e-BIR Forms,” and “audit” were categorized under the tentative theme of “Regulatory Compliance and Pressure”.

- *Fourth: Reviewing Themes.*

The researcher verified that the candidate themes appropriately reflected the respondent’s common experiences by comparing them against the original data set. Themes that were not supported by enough evidence, were separated, collapsed together, or discarded.

- *Fifth: Establishing and Labeling Themes.*

The researcher finalized each theme’s name and definitions in this step. The questionnaire’s format was utilized to categorize the themes into the following:

- ✓ Theme 1: Systems and Procedures for Bookkeeping (Covers Part I:1.1 and 1.2)
- ✓ Theme 2: Internal Financial Controls and Security (Covers Part I:1.3)
- ✓ Theme 3: Technical and Operational Obstacles (Covers Part II)
- ✓ Theme 4: Adaptability and Strategic Coping (Covers Part III)

- *Sixth: Creating the Report.*

The selection of clear, compelling quotation samples that were connected to the study questions formed part of the final analysis. A thorough understanding of the bookkeeping environment of SMEs in Juban, Sorsogon was provided by the synthesis of these qualitative data.

➤ *Statistical Analysis*

Descriptive statistics were utilized to summarize the demographic profile of the respondents and determine the prevalence of bookkeeping practices and issues among SMEs in Juban, even though the study was primarily qualitative. The statistical tools listed below were employed:

- *Frequencies and Percentage Distribution:*

This was utilized to profile the respondents based on their business type, years of operation, and position (owner, accountant, bookkeeper or clerk). This ensured that the background of the samples was well understood.

- *Content Classification and Frequency Counting:*

The researcher classified the open-ended replies into “Yes/No” or “Present/Absence” of features to present a quasi-quantitative summary of the qualitative responses. For instance, systems were categorized into Digital, Hybrid and Manual, practices were compared between audited and non-

audited firms, and compliance methods were evaluated by comparing Manual and Online Filing (e-BIR).

- *Mode (Central Tendency Measure)*

The “most common” response among SMEs was ascertained using the mode. For example, the researcher determined the most popular or highly requested feature for the simplified workbook (such as tax guide) and identified the most frequent technical issue like software freezing.

- *Ranking of Themes*

The themes derived from the thematic analysis were ranked by the researcher based on the frequency of their occurrence. As a result, the study identified the most critical obstacles (Part II) and the most prevalent coping strategies (Part III) within the Juban SME community.

III. RESULTS AND DISCUSSION

➤ *The Practices of Bookkeeping of Small and Medium Enterprises in the Municipality of Juban in Line with Accumulation and Recognition of Source Documents, System and Tools, Internal Control and Regulatory Compliance*

The small businesses in Juban track their money very differently from standard accounting rules. In daily operations, most shop owners do not use complex computers or formal accounting systems. Instead, they use simple notebooks, save paper receipts in boxes, or just keep track of sales in their heads. This happens because most owners must do everything themselves, from buying stock to serving customers. They do not have the time or money to hire professional accountants. Because of this, bookkeeping is often done in a hurry or only when it is time to renew a business permit. This simple way of tracking money makes it hard for owners to see their true profits, manage cash, or keep their personal money separate from business funds.

These findings match what researchers see in other small towns, but Juban has its own unique challenges. Just like in other places, poor record-keeping makes it hard for local businesses to get loans from big banks. However, the study shows that this is not just about a lack of knowledge. In Juban, local customs like informal customer credit (*pautang*) make tracking money confusing, as these debts are often written down on loose scraps of paper. Also, poor internet connections in rural areas stop owners from using modern phone apps or software to track sales. These facts show that small business owners in Juban are not lazy; they are just doing the best they can with the limited tools and resources they have.

This informal way of keeping records creates a big problem when it comes to national laws. The Philippine government and the Bureau of Internal Revenue (BIR) require all businesses to keep official books and file taxes correctly. The study shows a big gap between what the law expects and what Juban businesses can actually do. Paying for legal tax help or expensive cash registers is too costly for a small shop. As a result, many owners risk getting fined because they cannot meet government rules. This shows that

national tax laws are often too hard for rural businesses to follow. To fix this, the local government and agencies like the Department of Trade and Industry (DTI) need to offer simple, free training to help Juban's small businesses grow and stay out of legal trouble.

- *Accumulation and Recognition of Documents*

The empirical data reveals that Small and Medium Enterprises (SMEs) in Juban operate on a strong foundation of financial awareness, with all nine participants recognizing that physical source documents are necessary to validate business transactions. This absolute consensus proves that local business owners understand transaction legitimacy, viewing receipts and invoices not just as scrap paper, but as essential tools to protect their businesses and prove their financial history to external stakeholders. However, while the understanding of these documents is universal, how business owners handle them in daily operations varies. Most owners (44.4%) rely on chronological sorting, organizing their records day by day or month by month. This timeline approach shows that entrepreneurs track their business progress through the flow of time. Meanwhile, other participants rely on built-in pre-numbered forms or strict administrative deadlines to keep their records in order, and one forward-thinking owner has transitioned to digital mobile scanning. This variance shows that while the goal of keeping records is the same across Juban, the actual methods used depend heavily on the specific daily realities, available desk space, and individual habits of each business owner.

When viewed through established academic theories, the diverse habits of Juban's entrepreneurs become clearer. The universal insistence on keeping source documents perfectly matches core Accounting Theory, which states that financial information must be reliable and verifiable to be useful. By saving these primary documents, local shops try to minimize the information gap between their internal operations and outside groups like tax collectors or banks. Furthermore, the different ways owners sort their paperwork—ranging from rigid manual piles to modern phone scans—validates Contingency Theory. This economic principle argues that there is no single "correct" way to manage a business; instead, an organization's internal systems are naturally shaped by its environment, such as customer volume, physical office constraints, and daily transaction speeds. Finally, the shift toward mobile scanning by one participant highlights Human Capital Theory. This framework demonstrates how an owner's personal skills, often enhanced by advice from outsourced professionals, directly dictates how modern and efficient a business's internal systems can become.

Despite the strong awareness among Juban entrepreneurs, the heavy reliance on manual, paper-based tracking poses serious long-term risks to these small businesses. Relying on physical paper and chronological sorting leaves these firms highly vulnerable to clerical mistakes, administrative burnout, and total data loss from physical accidents like fires, floods, or simple misplacement. Additionally, while organizing receipts by

date provides a clear historical record, it fails to give business owners real-time financial insights. Without automated tools, an owner cannot instantly see their current operational costs, preventing them from making fast, data-backed adjustments to their pricing or inventory when market conditions change. To bridge this gap, the proposed SME Bookkeeping Workbook must be designed with extreme care. Rather than forcing owners to adopt an entirely new system, the toolkit must feature simple data-entry tables that naturally accommodate both date-based sorting and pre-numbered invoice flows. By aligning the workbook with the existing habits of Juban's entrepreneurs, the tool can seamlessly reduce manual errors and protect financial records without causing frustrating disruptions to their daily routines.

- *Bookkeeping Systems and Tools Currently Used*

The empirical data concerning the bookkeeping systems and tools used by SMEs in Juban reveals a clear operational spectrum that reflects the varying stages of business maturity within the municipality. At the foundational level, manual ledger systems serve as the community mode, used not as tools for strategic growth, but primarily as a defensive mechanism to satisfy Bureau of Internal Revenue (BIR) obligations or to clumsily separate records by paper function. This creates a sharp contrast with hybrid users, who bridge the paper-to-digital gap by recording daily cash flows in physical journals before moving the data into Microsoft Excel or handing it off to external bookkeepers. Further up the spectrum, digital-first businesses bypass manual entries altogether, utilizing spreadsheet software strictly as an internal control tool to balance daily transactions. At the absolute bottom of this spectrum lies the unstructured approach, where a complete lack of formal accounting workflows leaves the enterprise entirely blind to its true financial position. This fragmentation proves that accounting in Juban is widely viewed as a statutory compliance chore—a legal shield maintained to avoid regulatory fines—rather than a strategic management asset. Conversely, the rise of hybrid and digital-first setups indicates a growing local awareness of data accuracy, turning basic software like Excel into an active validation engine. This creates a clear divide within the same community between survival-driven compliance and data-driven business management.

When analyzed through established economic and accounting frameworks, these findings highlight a significant gap between textbook theory and rural reality. The operational habits of the manual bookkeeping group represent a direct failure to achieve the core ideal of Accounting Theory, which states that financial reporting must actively guide economic decisions. When a business ledger is filled out solely for regulatory review, its capacity to serve as a meaningful decision-making tool is completely lost. Furthermore, the Resource-Based View (RBV) framework argues that an organized, digital bookkeeping system is a valuable, intangible organizational capability that can provide a firm with a distinct competitive advantage. By continuing to use manual or unstructured frameworks, the majority of Juban's SMEs operate without

this strategic asset, severely limiting their ability to manage cash flow when compared to tech-friendlier competitors. However, the widespread choice to adopt basic Excel sheets or outsourced services over expensive, specialized accounting software perfectly validates Contingency Theory. Rather than blindly adopting complex software, local business owners are rationally matching their tools to the ground realities of local IT limitations, high software costs, and the small scale of rural retail environments.

The operational reality of the manual group reflects a failure to achieve the ideal standard of Accounting Theory, where financial reporting should actively guide business decisions (Scott, 2015). When a ledger is filled out solely for regulatory review, its capacity to serve as a tool for decision usefulness is lost.

From the perspective of the Resource-Based View (RBV), a sophisticated bookkeeping system is an intangible organizational capability that can create a distinct competitive advantage (Barney, 1991). Juban SMEs that continue to use manual or unstructured frameworks are operating without this strategic asset, which limits their ability to manage cash flow effectively compared to digital-first competitors.

Furthermore, the choice to use basic Excel sheets or outsourced services over expensive, specialized accounting software confirms Contingency Theory (Otley, 1980). Local businesses are adapting their tools to the realities of local IT limitations, software costs, and the specific scale of rural retail environments.

The long-term implications of this widespread technological stagnation pose serious risks to the economic resilience of Juban's business sector. The continued dominance of manual systems leaves local shops highly exposed to mathematical mistakes, missing documentation, and sudden compliance failures during official tax inspections. Because compiling manual summaries requires significant time and effort, these entrepreneurs are routinely forced to make critical inventory, pricing, and expansion decisions based on gut intuition rather than concrete financial facts. This high-risk environment underscores the immediate practical value of the proposed Bookkeeping Workbook. By introducing a simplified, offline Excel system that automatically calculates balances from basic entries, the toolkit meets local business owners exactly where they are. It offers manual and hybrid users a low-cost, accessible path toward digitization that provides real-time financial clarity and reduces clerical errors without requiring an expensive or active internet connection.

- *Internal Controls*

The empirical data surrounding internal controls among Small and Medium Enterprises (SMEs) in Juban reveals a heavy reliance on defensive, highly centralized mechanisms to safeguard cash and secure financial records. For cash verification, comparing internal books against bank statements and passbooks serves as the dominant strategy, utilized by nearly half of the respondents. This is closely

followed by system integration users who link cash balances with point-of-sale (POS) summaries, while a smaller portion of the community relies strictly on traditional physical cash counts as their baseline defense. Regarding data confidentiality, owner-only access emerges as the definitive community mode, representing over half of the surveyed enterprises. The remaining firms either divide duties into segmented roles among managers and cashiers, share control among family members, or grant access to external professionals. Taken together, these patterns indicate that local entrepreneurs view banking institutions as their primary external source of financial truth. In a rural environment where real-time, automated digital auditing software is largely unavailable, updating physical bank passbooks offers a low-cost, accessible, and reliable way to verify internal numbers. Furthermore, the extreme concentration of system access in the hands of the owner highlights a cultural reality in Juban: business data is treated as a highly confidential, private family matter rather than shared corporate information.

- *Interpretation and Meaning*

When evaluated through standard organizational and accounting literature, the internal control choices of Juban's entrepreneurs reveal a rational adaptation to their specific business scales. The strict enforcement of record confidentiality and the reliance on independent banking verifications align closely with the security and verification standards of modern Accounting Information Systems. By matching physical balances with bank-validated data, these businesses achieve basic transparency and proof of transaction accuracy. Similarly, the few firms that utilize segmented roles—such as separating cashier responsibilities from expense approvals—actively practice the core accounting principle of segregation of duties, which is vital for preventing internal fraud and clerical errors. However, for the majority of Juban's businesses, implementing a complex, corporate-style division of labor is practically impossible due to low headcounts and limited administrative staff. This widespread reliance on owner-only or informal family control is best explained by Contingency Theory. In a small, rural, family-run firm, centralizing all financial oversight in the business owner is not a sign of poor management; rather, it is a practical, resource-efficient response to severe staffing and financial limitations.

Despite providing a strong shield against internal theft and unauthorized data changes, this intense centralization creates severe operational bottlenecks and structural risks for Juban's SME sector. Because financial control is entirely tied to a single individual, the entire bookkeeping workflow is highly vulnerable to sudden disruptions. If the business owner falls ill, travels, or becomes overwhelmed by daily sales tasks, critical financial verifications grind to a complete halt, delaying payments and clouding cash flow visibility. Furthermore, firms that continue to rely solely on physical cash counts without matching those numbers to an independent, written log remain dangerously exposed to unrecorded losses, cashier errors, and slow-leaking discrepancies. These vulnerabilities underscore the immediate, practical value of the proposed Bookkeeping

Workbook. By introducing built-in, simplified bank reconciliation tables, the toolkit provides owners with a structured, step-by-step template to execute their preferred monthly bank checks quickly. This targeted design helps entrepreneurs break the operational logjam, giving them a fast, repeatable method to protect their assets without requiring expensive corporate infrastructure or overwhelming their already limited daily schedule.

While owner-only access provides strong security against unauthorized changes, it exposes the enterprise to severe operational bottlenecks. If the business owner is sick, absent, or overwhelmed by daily tasks, the entire bookkeeping workflow stalls. Furthermore, firms that rely solely on physical cash counts without matching them to an independent log remain highly vulnerable to unrecorded losses and errors.

The proposed *Bookkeeping Workbook* solves this vulnerability by providing built-in bank reconciliation tables. This gives owners a structured, easy-to-use template to execute monthly checks quickly, protecting the business without requiring complex accounting systems.

- *Regulatory Compliance*

The empirical findings regarding regulatory compliance highlight a stark divide in how SMEs in Juban navigate their statutory tax obligations and annual financial audits, splitting the community equally between high-stress outsourcing close to deadlines and proactive, internal management utilizing early safety windows or digital tools like the e-BIR Forms platform. A similar divide exists regarding annual financial audits; while a slim majority undergo audits to satisfy mandatory tax return attachments or to build credibility among organization members, over thirty percent of respondents are completely locked out of compliance due to a misunderstanding of formal audit rules or the high financial cost of audited financial statements, which can exceed 12,000 PHP. When analyzed through established frameworks like Accounting Theory and Human Capital Theory, this compliance gap proves that regulatory burdens fall unequally on rural small businesses, as firms lacking specialized internal skills are forced to treat compliance as a costly expense rather than an organizational capability, validating Contingency Theory's assertion that a business's administrative practices are heavily shaped by financial and environmental constraints. The long-term implications of this technological and financial divide reveal serious structural risks, as late-collecting outsourced firms face sudden filing errors, while un-audited businesses face frozen permits, tax penalties, and an inability to access low-interest bank loans. This high-risk environment underscores the immediate, practical necessity of the proposed *Bookkeeping Workbook*, which lowers the financial and educational barriers to compliance by providing automated, built-in formatting that matches national tax reporting frameworks, allowing internal filers to accelerate their e-BIR submissions and giving outsourced firms an organized digital summary to hand over to accountant's months ahead of schedule.

The even split between outsourcing and internal filing among Juban SMEs highlights two distinct survival strategies used to handle intense regulatory pressure, where outsourcing serves as a costly mechanism to shift the administrative burden away from the owner, while internal filing relies on early safety windows driven by a defensive motivation to avoid late penalties rather than a desire to use financial data strategically. This operational divide is further widened by the significant cost barrier of formal audits (12,000+ PHP), which presents a major financial hurdle for rural small businesses and forces many micro-enterprises to accept a state of structural non-compliance because formal accounting services simply outpace their slim operating margins. When interpreted through the lens of Contingency Theory, these behaviors are rational, adaptive responses to a rigid national regulatory environment that fails to consider the economic realities of small-town commerce. By viewing tax compliance strictly as a defensive legal shield rather than an asset for growth, local entrepreneurs are trapped in a cycle of reactive financial management. Ultimately, this deep division proves that when the cost of legal compliance exceeds an enterprise's financial and educational capacity, business owners will consistently prioritize day-to-day survival over regulatory perfection, pointing to an urgent need for affordable, simplified bookkeeping tools that lower the barrier to formal economic participation.

Integrating these behaviors with established literature shows that the heavy reliance on external professionals confirms the core assertions of Human Capital Theory, which posits that specialized expertise directly drives organizational survival. Because Juban's small business owners often lack formal accounting education, they rationally compensate for this knowledge gap by "renting" the high human capital of outside bookkeepers to shield themselves from regulatory penalties. Furthermore, the varied reactions to tax deadlines and auditing costs are best understood through Contingency Theory, which emphasizes that an enterprise's control systems are directly shaped by its financial scale and environmental constraints. A micro-retailer in a rural municipality cannot realistically maintain the same strict audit schedules as a larger corporate entity due to tight cash flows and limited local access to affordable CPA firms. Consequently, when regulatory compliance is reduced to a defensive, box-checking exercise to appease the Bureau of Internal Revenue (BIR), the proactive, data-driven insights promised by Accounting Theory are lost. This prevents the business from using its financial records as a strategic tool to guide long-term growth, transforming what should be a valuable management asset into a costly administrative chore.

The practical implications of these compliance habits reveal that operating with an outsourced, hands-off approach leaves business owners highly vulnerable to sudden regulatory penalties and back-taxes if their external bookkeeper misses a strict deadline or misplaces vital source documents. Conversely, for internal filers, manually processing tax returns through the e-BIR forms platform without an independent validation system significantly increases the risk of undetected calculation errors, which can

result in severe fines during sudden Bureau of Internal Revenue (BIR) Tax Mapping inspections. These dual vulnerabilities highlight why the proposed Bookkeeping Workbook and Toolkit is an essential, protective resource for the Juban business community. By providing an accessible, organized, and pre-formatted tracking system, it allows internal users to maintain clean, audit-ready data throughout the year to eliminate mathematical slip-ups. Simultaneously, it empowers outsourcing businesses to maintain structured digital records, which simplifies the hand-off process, reduces the time external accountants spend sorting through paperwork, and ultimately gives owners the leverage to negotiate lower professional fees.

➤ *The Challenges Encountered*

The study revealed several enduring issues that prevent Juban SMEs from using bookkeeping to its full potential. These difficulties fall into four categories: regulatory pressure, internal control issues, infrastructure obstacles, and documentation integrity.

• *Accumulation and Recognition of Source Documents*

The qualitative findings reveal that while systematic document control represents the community mode (55.6%, $f=5$), where participants implement protective daily or physical storage routines (Participants 1, 2, 6, and 9), distinct transactional disruptions persist. When source document breakdowns occur, they present significant operational, analytical, and tax compliance risks.

Specifically, 22.2% ($f=2$) of the participants explicitly emphasize that missing invoices inflict direct analytical consequences, rendering final financial reports structurally unreliable (Participant 3) and disrupting proper bookkeeping workflows (Participant 7). Furthermore, Participant 4 identifies a direct tax shield risk, noting that damaged or missing receipts must be aggressively replaced because local tax authorities will invalidate unbacked business expense deductions during audits.

The data demonstrates that document loss in Juban is not merely an administrative inconvenience; it acts as an operational hazard that distorts financial data integrity. The high level of tracking diligence reported by the majority shows a localized culture of "defensive record-keeping," where the physical receipt is valued as the ultimate proof of a transaction.

However, for enterprises experiencing document gaps, the meaning of these missing records changes from basic data gaps to structural threats against profitability. When a receipt is lost, the business loses its verified data history and its legal ability to claim legitimate operational expenses against its taxable revenue. Consequently, the reliance on paper source documents creates an operational environment where physical fragility leads directly to financial vulnerability.

This structural vulnerability underscores a core principle of Accounting Theory, which states that financial information must be both relevant and faithfully represented

to serve economic decision-making (Scott, 2015). When invoices go missing, information asymmetry increases, and the resulting reports fail to provide the "decision usefulness" required by managers and regulatory bodies.

From the perspective of the Resource-Based View (RBV), an organization's capability to maintain error-free, pristine audit trails serves as an intangible organizational asset that preserves capital (Barney, 1991). Disruptions in document accumulation indicate a breakdown in this internal capability, draining valuable time and cash resources.

The fact that rural firms must expend manual energy to replace damaged source papers validates Contingency Theory (Otley, 1980). These businesses are adapting to a specific environmental contingency: the lack of localized cloud infrastructure or automatic electronic invoicing networks forces them to absorb the risks of managing vulnerable physical papers.

If Juban SMEs fail to address the fragility of physical document paths, they will continue to face unexpected tax penalties and unreliable internal profit reports. Manual efforts to replace or reconstruct damaged receipts cause administrative fatigue and pull owners away from core business development tasks.

For the proposed *Bookkeeping Workbook and Toolkit*, this finding indicates that the tool must feature a simple, printable Source Document Voucher Tracker. This layout will allow bookkeepers to log and serialize physical receipts immediately upon arrival, creating a clear physical-to-digital bridge that insulates the firm from structural tracking lapses.

• *Technological and Infrastructure Barriers*

The thematic analysis reveals that local infrastructural deficiencies act as a primary technical bottleneck for digital data processing among Juban SMEs, where over half of the sampled enterprises face severe operational disruptions due to inconsistent broadband infrastructure and software instability. Specifically, 33.3% of firms report that slow or dropped internet connectivity directly halts daily accounting workflows, while another 22.2% experience severe data processing lags, including system freezing, hardware shutdowns, and inventory tracking synchronization errors. Conversely, 44.4% of the sample remains insulated from these technical failures, though this protection is achieved either through a defensive, intentional rejection of digital platforms by sticking to traditional manual books or through expensive corporate IT investments that are far out of reach for the average micro-enterprise. When integrated with literature like Contingency Theory and the Resource-Based View, this digital divide proves that technological adoption in rural areas is heavily constrained by environmental realities, where a lack of public utility reliability turns modern cloud-based software from a strategic asset into an operational hazard. This infrastructure gap underscores the immediate, practical necessity of the proposed Bookkeeping Workbook and Toolkit, which is intentionally designed as an offline, low-resource Excel system. By removing the

requirement for active internet connectivity and heavy processing power, the toolkit provides manual users with a safe path toward digitalization and protects hybrid businesses from data loss, allowing Juban's entrepreneurs to maintain accurate, modern records despite local infrastructure limitations.

- *Interpretation and Meaning*

The clear divide between technically disrupted firms and insulated enterprises highlights a critical technological gap within the local business community, where choosing to digitize introduces severe, unexpected operational risks that treat rural entrepreneurs unequally. For small firms attempting to transition away from paper records, an unstable rural internet infrastructure turns cloud-based accounting systems into a daily bottleneck rather than an efficiency tool. When software freezes, hardware shuts down, or inventory balances lag, the user cannot log daily transactions in real time, creating stressful data backlogs that leave the business vulnerable to reporting errors. This friction explains the defensive behavior of manual operators, proving that within this rural context, sticking to traditional paper ledgers is a highly rational choice against weak internet connections and unstable utilities. Ultimately, this interpretation reveals that manual accounting remains the dominant practice because paper books never freeze, crash, or require an internet connection to maintain compliance, meaning that any successful digital intervention in Juban must abandon cloud-only architecture and adopt low-resource, offline-first frameworks to match the environmental constraints of the local economy.

- *Integration with Literature*

Integrating these technological barriers with academic literature reveals that the technical difficulties faced by local firms highlight a breakdown in the practical execution of Human Capital Theory, demonstrating that even when a business owner or bookkeeper possesses the necessary accounting literacy to operate advanced digital tools, their individual human capital is completely bottlenecked by deficient external infrastructure. This systemic limitation strongly supports Contingency Theory, which argues that there is no universally optimal management control system for all organizations; rather, the operational effectiveness of an accounting information system is highly contingent upon the external environment, including regional broadband reliability, electricity stability, and local access to timely technical support. As a result, a sophisticated digital framework that operates flawlessly in a modern urban center becomes highly inefficient and counterproductive when deployed within a rural municipality experiencing severe connectivity issues. Ultimately, this integration proves that the bookkeeping practices of Juban's SMEs cannot be judged in isolation, as their reliance on manual or hybrid systems represents a necessary, rational compromise with their physical environment to maintain organizational resilience.

Continued exposure to software instability and slow internet access leaves digital-leaning SMEs vulnerable to severe transaction log backlogs. During peak commercial

cycles, technical drops can easily cause double-entries or unrecorded transactions, ruining the integrity of the audit trail.

This underscores why a cloud-dependent system is currently impractical for most independent operators in Juban. The proposed *SME Bookkeeping Workbook* must be built as an entirely offline Microsoft Excel file. By relying exclusively on local data storage and offline processing formulas, the toolkit removes internet dependencies entirely. This setup provides manual users with a safe, stable path toward digital transformation without exposing them to broadband disruptions.

- *Internal Controls: The "Entity Concept" Struggle*

The empirical data exposes a critical operational struggle among Juban SMEs regarding the implementation of the fundamental accounting entity concept, splitting the community between those who maintain systematic separation habits (44.4%) and a significant portion (33.3%) who suffer from severe fund co-mingling challenges. This widespread practice of mixing personal household costs with business revenues—driven by personal spending impulses, operational oversight, and a lack of dedicated accounting personnel to log transactions—reveals a deep deficit in internal cash discipline, where small family-owned firms treat the business cash register as an extension of the household's personal wallet. When owner-managers extract cash directly for immediate domestic needs without logging the transactions, they destroy the clear data trail required for accurate financial visibility, a problem made worse by the fact that only 11.1% implement a structured mitigation strategy like a fixed, formal salary allocation to protect their reserves. Ultimately, this lack of an institutional boundary between personal wealth and business capital severely distorts profit measurements, creating a dangerous structural blind spot where local entrepreneurs cannot accurately determine whether their enterprises are genuinely generating sustainable profits or are slowly and invisibly burning through their core operating capital.

The high rate of mixing personal and business fund reveals that many local businesses suffer from poor internal cash discipline. In small, family-owned firms, the business is often treated as an extension of the household's personal wallet. When owner-managers pull cash directly from the cash register to cover immediate personal or family expenses without logging it, they break down the basic tracking required for accurate financial visibility. This problem is made worse by low staffing levels; without an independent bookkeeper to question cash variances, the owner faces no internal oversight.

Consequently, the lack of an institutional boundary between personal wealth and business cash distorts profit measurements, making it difficult to determine whether an enterprise is genuinely making money or slowly burning through capital.

The practice of mixing personal and business funds violates the Accounting Entity Concept, a foundational

element of Accounting Theory which mandates that economic activities must be kept separate from the personal transactions of the owners (Scott, 2015; Romney & Steinbart, 2018). When this boundary breaks down, financial records fail to provide a trustworthy view of the firm's economic reality, ruining the decision-usefulness of the data.

Furthermore, this internal control failure reflects a gap under the Resource-Based View (RBV) framework. If a firm lacks the capability to enforce strict cash boundaries, its financial record system becomes a source of administrative confusion rather than a strategic resource for business growth (Barney, 1991).

The widespread reliance on informal tracking habits because firms cannot afford dedicated accounting staff confirms Contingency Theory (Otley, 1980). Rural SMEs are forced to adapt their control structures to tight cash flows and low headcount, even when those adaptations compromise basic accounting principles.

If mixing of fund remains unchecked, Juban entrepreneurs will continue to suffer from distorted profit calculations and unexpected cash shortages. This practice misrepresents the allocation of capital, often leading owners to over-expand or over-purchase inventory based on an inaccurate assessment of available cash.

During formal tax audits, mixed financial records give tax inspectors a reason to disqualify business deductions, exposing the enterprise to serious compliance fines.

To solve this vulnerability, the proposed *SME Bookkeeping Workbook* must feature a distinct, built-in Owner's Drawings Ledger matched with a dedicated Fixed Salary Calculator. This template will give owners an easy, structured way to separate personal drawings from corporate expenses, embedding the accounting entity concept directly into their daily routines.

- *Regulatory Pressure and the Tax Mapping Anxiety*

The empirical data reveals that state tax enforcement policies generate significant operational stress and acute compliance anxiety among Juban's SMEs, with a third of the firms identifying unexpected field audits—such as Bureau of Internal Revenue (BIR) Tax Mapping inspections and formal Letters of Authority (LOAs)—as major drivers of administrative pressure. For enterprises operating without flawless documentation histories, this pervasive anxiety is fueled by the constant threat of severe financial penalties stemming from minor clerical errors, underpayments, or mismatched books, transforming routine compliance under rural operating realities into a deeply stressful, high-stakes hurdle. This regulatory pressure is severely exacerbated by a steep financial barrier, where the 12,000+ PHP fee required to secure mandatory annual Audited Financial Statements (AFS) from certified public accountants proves prohibitively expensive for local operating margins, effectively locking 22.2% of these resource-constrained micro-enterprises into a state of continuous, involuntary non-compliance. When integrated with Contingency Theory, these findings

demonstrate that punitive, one-size-fits-all tax enforcement mechanisms fail to account for the economic constraints of rural economies, turning what should be a standard legal check into a source of severe financial anxiety that discourages formal growth and underscores the critical need for low-cost, self-validating accounting tools like the proposed *Bookkeeping Workbook* to protect small merchants from devastating state penalties.

The data shows that state tax enforcement is often viewed by local entrepreneurs as an aggressive financial threat rather than a standard administrative procedure. For unstaffed rural businesses, an unexpected tax inspection is highly stressful because their manual records are vulnerable to minor clerical mistakes that carry mandatory state fines.

The high cost of certified accounting services (12,000+) creates a financial barrier that locks smaller firms out of formal business networks. In a rural economy like Juban, where monthly profit margins are often thin, paying for a formal financial audit can destabilize a business's cash flow. As a result, many owners are forced into a difficult compromise: they remain non-compliant and operate in the shadows, constantly worrying about the next unexpected tax mapping inspection.

The regulatory difficulties faced by local firms illustrate a gap in Human Capital Theory (Becker, 1964). Because small entrepreneurs cannot afford the high cost of certified public accountants, they lack the specialized human capital needed to confidently navigate complex tax codes.

This environment perfectly illustrates Contingency Theory (Otley, 1980), which demonstrates that compliance outcomes are directly shaped by firm size and location. When state agencies apply identical compliance standards to rural micro-enterprises and large urban corporations, smaller firms are hit with unequal financial burdens.

When a business's accounting system is maintained under fear of penalties rather than used to guide operations, it fails to achieve the "decision usefulness" target defined by Accounting Theory (Scott, 2015). Instead of serving as a tool for economic growth, bookkeeping becomes a defensive overhead expense focused entirely on survival.

If the financial barriers and anxieties around compliance are left unaddressed, the local SME sector in Juban will struggle to grow. Businesses will avoid expanding or applying for formal bank loans because they lack the required audited financial records.

Furthermore, running a business with unverified manual books leaves owners continuously exposed to sudden fines during tax mapping field reviews.

This situation highlights the value of the proposed *Bookkeeping Workbook and Toolkit*. By providing small businesses with a pre-formatted, built-in tax mapping checklist and an offline ledger system that mirrors official tax forms, the toolkit helps owners keep their files clean and

organized. This reduces audit anxiety and allows firms to present clean records to external accountants, lowering their formal audit preparation costs over time.

➤ *How do Bookkeepers Address the Challenges Encountered*

According to the participant's data, local businesses used unique document-control procedures and protective adjustments to reduce data omission, even though break down in document preservation poses structural risks to the accuracy of financial statements and statutory tax deductions.

• *Accumulation and Recognition of Financial Source Documents*

The empirical thematic analysis revealed several critical operational workflows utilized by the organization to maintain data integrity and compliance. Chief among these is Administrative Reporting and Immediate Logging, which serves as the primary line of defense against data attrition. By utilizing timely operational visibility, the organization records transaction data at the point of origin, capturing critical information before physical invoices degrade or fade. This immediate logging ensures that a reliable digital footprint is established while the source documentation is still intact.

Following initial ingestion, records are transitioned into a structured physical archive governed by Systematic Storage and Box-Filing Controls (55.6%, $f=5$). Representing a significant portion of the coding frequency within the dataset, this control layer relies on proactive, physical preservation routines meticulously designed to minimize the risks of document loss, damage, or misplacement. By enforcing rigorous, tracked boxing and storage protocols, the organization maintains a highly auditable physical footprint that mirrors its digital logs.

Finally, the organization safeguards its financial assets through Defensive Source Replacement and Tax-Shield Protection. Recognizing that missing, corrupted, or incomplete documentation directly threatens compliance, administration executes active verification routines to identify gaps in the archive. When discrepancies are found, retroactive document replacement workflows are deployed to recover or reproduce the necessary source files. This defensive mechanism ensures that evidentiary support remains airtight, ultimately preserving statutory tax deductions and protecting the organization from financial exposure during formal audits.

The findings indicate that SMEs in Juban balance strict physical controls with tactical process workarounds. For the majority mode (55.6%, $f=5$), data integrity is protected through simple, disciplined physical storage routines (e.g., box-filing and dedicated sorting).

However, when documents are damaged, the coping mechanism shifts from preservation to tactical correction—either by re-issuing/replacing source documents to meet statutory rules or using immediate ledger reporting to bypass

physical paper bottlenecks. This protects the business from the dual risk of reporting unreliability and the forfeiture of legally allowable tax deductions.

This operational behavior aligns with the dual-entry verification concepts of modern accounting control frameworks, which dictate that internal control systems must utilize physical safeguards alongside active corrections to preserve data veracity.

In the local small-business sector, these practices mirror the findings of Santos (2023), who observed that micro-enterprises often substitute complex digital document tracking with manual box-filing and direct vendor communication to replace missing records and maintain compliance continuity.

The findings proved that in resource-constrained environments, behavioral discipline and manual consistency (like strict box-filing) serve as a functional equivalent to expensive, high-tech digital accounting systems. Sophisticated software is not a prerequisite for excellent data integrity.

Relying on Defensive Source Replacement is an inefficient, risky workaround that wastes labor and compromises tax audits. To protect tax shields efficiently, SMEs must shift their focus to the front-end of the process by institutionalizing immediate logging before physical papers can degrade.

Since rural MSMEs heavily rely on manual filing to maintain compliance, rigid enforcement of complex electronic invoicing without transitional support will cause friction. Tax authorities should instead offer simplified compliance guides and basic digital log-keeping training tailored to local manual capabilities.

• *Bookkeeping Systems and Tools*

To mitigate technological vulnerabilities and maintain business continuity, enterprises rely on distinct administrative strategies to insulate their accounting workflows from system failures. For a significant portion of firms, this takes the form of Operational Insulation via Manual Frameworks (44.4%, $f=4$), which involves the deliberate rejection of digital accounting tools to completely eliminate the operational risks associated with internet connectivity drops or system freezing. Conversely, organizations operating within larger corporate ecosystems rely on Pre-Implementation System Testing and Centralized Support, leveraging parent corporate structures and extensive IT department trials to rigorously vet and insulate their digital data workflows before they go live. Finally, when digital tools are already embedded but suffer from technical friction, firms practice the Acceptance of System Processing Pacing; this requires staff to actively manage hardware instability, screen freezing, and processing lags by adopting independent operational pacing or utilizing un-updated sub-ledgers to bypass active system bottlenecks.

The data shows a clear divide in how local businesses handle technology challenges. Branch-type or corporate-backed enterprises rely on centralized IT infrastructure and extensive pre-implementation system testing to prevent data lag issues, such as inventory accounts not updating.

However, independent local businesses often look for simpler alternatives. A large portion (44.4%, $f=4$) stay insulated from software errors by using traditional manual bookkeeping methods. For these businesses, rejecting digital tools or opting not to use accounting software is a practical coping choice to maintain stable operations in areas with inconsistent local internet and power grid infrastructure.

This trend matches the Contingency Theory of Accounting, which states that an enterprise's choice of tools depends on its specific operating environment. The preference for manual systems over digital tools when infrastructure is weak aligns with local small-business research by Alviola (2022). This study demonstrated that rural small businesses often choose reliable manual ledger books over cloud accounting systems when internet connectivity is unstable or slow.

The findings validate the Contingency Theory of Accounting, proving that manual ledger systems are not "backward"—they are a highly rational, optimized choice for survival in environments with weak public utilities. Success must be judged by how well a system fits its environment, not its level of digitalization.

There is a clear operational divide. While corporate branches are protected by centralized IT testing, independent SMEs face severe technical friction. Independent owners should avoid jumping blindly into cloud-based systems; if they do digitalize, they must maintain offline-first backups or sub-ledgers to prevent transactional bottlenecks during internet drops.

Local digital transformation is being actively choked by weak broadband infrastructure, not a lack of merchant willingness. To fix this, local government interventions must focus on improving utility stability, while software developers have a major market opportunity to build low-bandwidth, offline-first accounting tools tailored for rural MSMEs.

- *Internal Controls in Bookkeeping Processes*

To prevent financial blurring and maintain entity distinction, enterprises utilize specific structural and behavioral strategies to manage cash flow. For a significant portion of firms, this is achieved through Systematic Ledger Notation and Sole Focus (44.4%, $f=4$), where owners use disciplined, daily note-taking and deep operational focus to separate business and personal expenses cleanly without incurring the overhead of extra staff. Additionally, enterprises formalize these boundaries by implementing Banking Separation and Personal Spending Discipline (33.3%, $f=3$), which involves setting up separate, dedicated bank accounts to create clear, unyielding financial boundaries between business cash and personal cash.

Finally, some organizations adopt a more formalized compensation structure through Structural Owner-Salary Allocations (11.1%, $f=1$); by giving the business owner a fixed, structured salary, the enterprise prevents the owner from treating business cash as a personal wallet, thereby safeguarding the company's working capital from ad-hoc personal withdrawals.

Managing mixed funds is a key test of internal controls for small businesses. While a notable group (33.3%, $f=3$) finds separating expenses very difficult due to low staffing levels or poor tracking habits, the dominant mode (44.4%, $f=4$) uses a mix of separate bank accounts, dedicated cash drawers, and disciplined daily ledger logging to maintain clear financial boundaries. The most structured solution comes from using an owner-salary allocation. This model treats the owner as an employee, which helps protect the business's core capital from unpredictable personal draws and prevents unrecorded cash withdrawals. Using separate bank accounts and fixed owner salaries reflects the core Business Entity Concept in accounting, which states that a business must be treated as a distinct entity from its owners.

Local studies on micro-enterprise sustainability by Del Rosario (2024) show that small business owners who set up formal compensation limits for themselves enjoy higher financial survival rates, as this practice prevents unrecorded cash withdrawals and errors in financial reporting.

Small business internal controls face a critical vulnerability in the blurring of personal and business funds, which is heavily exacerbated by low staffing levels and administrative oversight (forgetting to log transactions).

To combat this, the primary line of defense relies on simple, low-cost behavioral discipline. Owners successfully maintain entity distinction through rigorous, daily ledger notation and deep operational focus, eliminating the immediate need for expensive accounting personnel.

Businesses progress from behavioral controls to structural safeguards by establishing separate bank accounts and distinct cash drawers. The most advanced internal control mechanism observed is the formal allocation of a fixed owner-salary, which structurally enforces the Business Entity Concept by treating the owner as an employee and protecting core working capital from ad-hoc personal withdrawals.

Mitigating the risk of mixed funds does not require sophisticated accounting systems; rather, it relies on a progression from personal discipline (notes and focus) to structural boundaries (separate accounts and fixed salaries) to ensure long-term business survival.

- *Regulatory Compliance*

To manage regulatory pressure and ensure long-term stability, enterprises rely on a combination of internal discipline, expert delegation, and ongoing training. A substantial portion of organizations maintain operational confidence through Proactive Compliance and Continuous

Record Updates (55.6%, $f=5$), establishing clean, daily recording routines and keeping updated financial books to serve as their primary shield against regulatory anxiety.

To complement these internal habits, businesses frequently implement Professional Advisory Delegation and External Accountant Support (33.3%, $f=3$), outsourcing complex audit management and tax filings to external compliance experts so owners can preserve their time and focus on core revenue-generating operations. Finally, firms maintain formal compliance accuracy through Institutional Alignment and Continuing Seminar Training, a practice that involves regularly visiting local regulatory offices and actively participating in official training seminars to stay up to date with shifting tax legislations and systematically avoid costly penalties.

The responses show that local businesses deal with tax compliance anxieties through structured, proactive preparation (55.6%, $f=5$). Instead of reacting to tax issues after they occur, businesses focus on keeping their receipts and ledger books updated daily.

For complex tasks like handling a formal Letter of Authority or navigating tax updates, smaller enterprises balance their lack of dedicated compliance staff by hiring external bookkeepers. This allows owners to save time and focus on running their day-to-day business operations without the stress of missed rules.

This collaborative compliance model mirrors the external advisory frameworks seen in regional small business networks. As noted by Baco (2023), independent small businesses in small towns often use external accounting networks as an affordable way to stay compliant. This setup helps reduce the risk of high penalties from filing errors while giving owners peace of mind during sudden government field audits.

➤ *Proposed Workbook to Assist Bookkeepers for Easy Reference*

The reason for doing away the disorganized receipts gathering that results in lost tax deductions and inadequate cash flow management is the foundation of suggested workbook. The workbook creates a transparent audit trail by offering an organized framework for real-time documentation. This innovation's Master Checklist, which divides duties into daily, weekly, and monthly needs, is its central component, this guarantees that crucial tasks, such as updating cash positions and balancing bank accounts, are not missed.

Additionally, the workbook offers standardized templates for Core Financial Forms, such as an Accounts Receivables Tracker. These technologies are intended to help the company transition from disorganized recording to a "central log" system for each peso that comes into or goes out of the company. Additionally, the addition of SME Financial Health Formulas such as Current Ratio and Net Profit Margin, and Monthly Reconciliation Tables changes the bookkeeper's function from a mere data recorder to a

strategic supplier of financial insights for the company owner.

The proposed workbook serves as the functional bridge for identified gaps. By transitioning "Shoebox Accounting" into a structured Master Checklist and standardized Financial Trackers, the workbook provides the "silent mentorship" required by staff who may lack formal accounting training. Directly mitigating financial illiteracy and regulatory compliance.

IV. FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

A. Findings

➤ *Bookkeeping Practice*

- *Accumulation and Recognition of Financial Source Documents*

SMEs in Juban universally agree that source documents are required for business tracking, using sequential receipt numbering, enforcing strict cut-off dates, submitting digital receipt photos, and executing daily or closing-time review routines. When organizing these documents, preferred chronological sorting, rely on pre-numbered flows, files by operational request, and utilizes a dual system based on both date and transaction type.

- *Bookkeeping System and Tools Currently Used*

SMEs in Juban exhibit a wide operational divide, lacking structured records, use manual journals and ledgers for BIR tax compliance and functional expense tracking. Employ hybrid systems that combine manual logs with Excel summaries or outsourced accounting, rely on digital-first frameworks like Excel to maintain stronger internal controls and balance daily transactions.

- *Internal Controls in their Bookkeeping Processes*

SMEs in Juban safeguard their cash through diverse verification methods, relying on physical cash counts, aligning internal logs with bank records or passbooks, and integrating broader monthly comparisons or system-generated collection summaries. To protect sensitive data, financial access remains tightly restricted, enforcing strict owner-only control, utilizing a shared family structure, and delegating access based on specific operational roles like managers, secretaries, bookkeepers, or accountants.

- *Regulatory Compliance*

SMEs in Juban navigate tax filings through two main strategies, outsourcing compliance to professional bookkeepers or accountants, personally managing structured timelines, utilizing digital platforms like e-BIR Forms, and filing early to avoid penalties. Regarding financial audits, undergoing the process to ensure accuracy, build institutional trust, or meet legal mandates, does not practice auditing and highlights that the high financial cost prevents them from doing it annually.

➤ *Challenges Encountered by Bookkeepers Among SMEs*

• *Challenges in the Accumulation and Recognition of Financial Source Documents*

The analysis revealed persistent operational and analytical issues. Specifically, highlighted that missing or damaged receipts compromise financial reporting integrity, disrupt proper bookkeeping, and directly risk necessary statutory tax deductions.

• *Challenges in Bookkeeping Systems and Tools Currently Used*

Inconsistent Broadband Infrastructure and Software Instability, face severe operational difficulties from slow internet, software delay and outdated inventory systems.

• *Challenges in Internal Controls*

Mixing funds and finding it hard to separate personal and business money because of management challenges, low staffing, or forgetting to track expenses.

• *Challenges in Regulatory Compliance (Tax Mapping and Auditing)*

Complying with regulations, experience tax audit exposure or anxiety, with worries centering on unexpected field visits, high penalties for errors, or the stress of managing official notices.

➤ *How Bookkeepers Address Challenges*

• *Coping Mechanisms in the Accumulation and Recognition of Financial Source Documents*

Use systematic storage controls, like box-filing and strict physical tracking, to prevent losing important receipts. When documents are lost or damaged, defensive source replacement to protect tax deductions, quick administrative reporting to log transactions before physical files degrade. On the other hand, a warning that failing to apply these coping methods makes financial reports unreliable.

• *Coping Mechanisms for Bookkeeping Systems and Tools*

Managing slow internet connections by adapting to system processing speeds, navigate internal software freezing and data lags. To completely avoid these technical issues, uses manual frameworks by rejecting digital accounting tools entirely.

• *Coping Mechanisms for Internal Controls in Bookkeeping Processes*

Handle fund mixing challenges by setting up different bank accounts, working on personal spending discipline, or trying to improve expense tracking despite low staffing levels. To completely prevent personal draws from hurting business cash flow, the use of structural owner-salary allocation by paying themselves a set salary. In contrast, a systematic notation and sole focus such as keeping daily notes, splitting cash, and staying strictly focused on business expenses to cleanly separate funds.

• *Coping Mechanisms for Regulatory Compliance*

Handling BIR tax mapping and Letters of Authority through proactive compliance routines, relying on updated books, clean operational histories, or corporate readiness procedures to reduce anxiety. To strengthen their defense against errors and penalties, utilize professional advisory delegation by hiring external accountants or attending tax seminars.

➤ *Proposed Workbook to Assist Bookkeepers Intended for Small and Medium Enterprises*

• *Proposed Workbook to Assist Bookkeepers of Small and Medium Enterprises*

To bridge the training gap and address the steep learning curve faced by local entrepreneurs, a practical, highly visible manual framework titled "The Juban SME Simplified Bookkeeping Workbook" is proposed. Driven by participant demand to avoid regulatory penalties, the workbook features a Quick Compliance Calendar on the cover detailing critical Bureau of Internal Revenue (BIR) forms, their due dates, and preparation requirements. Additionally, the intervention provides three core strategic sections that include a simplified tax guide, a visual template for core accounting pillars, and a daily transaction tracker integrated with a four-step end-of-day checklist to systematically balance physical cash.

B. Conclusions

➤ *Bookkeeping Practices*

• *Accumulation and Recognition of Financial Source Documents*

Local SMEs continue to rely on physical, chronological record-keeping because manual verification remains their most trusted foundation for tracking business transactions. However, while this traditional approach creates a stable audit trail, the complete absence of digital backups leaves their historical financial data highly vulnerable to physical damage and permanent loss.

• *Bookkeeping System and Tools Currently Used*

A digital divide exists between Juban's SMEs using manual logbooks solely for basic government compliance and those adopting digital tools like Microsoft Excel. To remain competitive, business owners must transition from this passive, paper-based compliance to digital bookkeeping, unlocking the real-time cash flow insights necessary for strategic growth.

• *Internal Controls in their Bookkeeping Processes*

Internal financial controls among local SMEs rely heavily on immediate physical cash counts, bank passbook matching, and strict owner-only access due to a lack of formal segregation of duties.

• *Regulatory Compliance*

SMEs in Juban exhibit a divided regulatory compliance framework, relying either on professional

outsourcing or structured, preemptive internal timelines to satisfy statutory tax deadlines.

➤ *Challenges Encountered by Bookkeepers Among SMEs*

- *Accumulation and Recognition of Financial Source Documents*

The primary challenge in managing source documents for rural SMEs lies in the risk of unreliability and the loss of eligible tax shields when receipts are compromised, which ultimately undermines the integrity of their financial statements.

- *Bookkeeping System and Tools Currently Used*

Technical bottlenecks for digitized SMEs such as inconsistent digital infrastructure, internet connectivity lag, and software freezing stall daily accounting workflows and create structural data lags like un-updated inventories.

- *Internal Controls in their Bookkeeping Processes*

The core vulnerability in internal control processes is the distortion of capital caused by the co-mingling of personal and business funds, an issue driven by low staffing and low financial discipline that requires owner-managers to undergo a psychological shift to treat themselves as employees and implement fixed salary allocations to ensure firm survival.

- *Regulatory Compliance*

Regulatory challenges manifest as profound audit anxiety regarding unexpected Bureau of Internal Revenue (BIR) tax mapping and the technical complexities of handling Letters of Authority (LOA). This apprehension is fueled by the threat of steep administrative penalties resulting from incorrect tax filings, underpayments, or under-staffing.

➤ *How Bookkeepers Address Challenges*

- *Coping Mechanisms in the Accumulation and Recognition of Financial Source Documents*

To safeguard financial records and tax deductions from the structural risks of document degradation, bookkeepers must employ a combination of proactive physical storage controls, defensive source replacement workflows, and immediate administrative logging.

- *Coping Mechanisms for Bookkeeping Systems and Tools*

When managing digital infrastructure vulnerabilities like slow internet and software freezing, bookkeepers adaptively navigate processing lags or strategically revert to manual accounting frameworks to ensure uninterrupted operational continuity.

- *Coping Mechanisms for Internal Controls in Bookkeeping Processes*

To mitigate the risks of fund mixing and irregular owner draws, enterprises successfully insulate business cash flow through structural salary allocations, multi-account

banking separation, and disciplined, localized expense tracking.

- *Coping Mechanisms for Regulatory Compliance*

Bookkeepers neutralize the administrative anxiety of BIR tax mappings and Letters of Authority by maintaining continuous audit-readiness through proactive bookkeeping routines and strategic delegation to external professional advisors.

➤ *Proposed Workbook to Assist Bookkeepers Intended for Small and Medium Enterprises*

- *Proposed Workbook to Assist Bookkeepers of Small and Medium Enterprises*

To bridge operational training gaps and eliminate regulatory penalty risks for local entrepreneurs, the implementation of The Juban SME Simplified Bookkeeping Workbook offers a vital, highly visible manual framework that structuralizes tax compliance calendars, core accounting templates, and daily cash-balancing routines.

C. *Recommendations*

➤ *Practices of Bookkeeping*

- *Accumulation and Recognition of Financial Source Documents*

To safeguard historical financial data from physical damage and permanent loss, SME managers and owners in Juban must implement a daily routine of capturing smartphone photos of chronological receipts. This low-cost hybrid backup approach seamlessly blends with existing manual systems to prevent data omission and guarantee a secure, long-term audit trail.

- *Bookkeeping System and Tools Currently Used*

To close the major digital divide, the Department of Trade and Industry (DTI) must implement funded spreadsheet accounting workshops tailored for micro-enterprises currently limited by handwritten logbooks. Empowering local merchants these basic digital tools will change accounting from a routine regulatory task into a strategic tool for real-time cash flow analysis and long-term business growth.

- *Internal Controls in their Bookkeeping Processes*

Juban's SME managers and owners must use automated mobile banking for real time tracking and assign daily cash counting to reliable employees in order to remove significant operational barriers and considerable personal stress.

- *Regulatory Compliance*

The Municipal Training and Development Office, in coordination with the Bureau of Internal Revenue, must implement targeted financial literacy campaigns and technical e-BIR workshops to standardize local accounting competencies and rectify prevailing misconceptions about annual auditing procedures.

- *Recommendation for Future Research*

Future researchers should do long-term studies in Sorsogon to see how rural businesses switch from manual ledgers to digital tools, which will fill a gap in local literature about how small township economies adapt. This data will give policymakers practical, field-tested frameworks to design national fiscal policies that fit the realities of rural infrastructure.

➤ *Challenges Encountered*

- *Accumulation and Recognition of Financial Source Documents*

Juban's SME managers, owners, bookkeepers, and accounting staff must implement standardized physical binder setups paired with weekly, cloud-saved mobile scanning apps to capture and preserve all receipts.

- *Bookkeeping System and Tools Currently Used*

The Trade and Industry Department (DTI) and Juban's Local Government Unit (LGU) must distribute offline-capable accounting templates and provide data-sync training to local merchants to overcome internet connectivity lags and software disruptions that stall daily workflows.

- *Internal Controls in their Bookkeeping Processes*

Juban's SME managers and owners must formally institute a fixed, recurring owner-salary allocation and maintain separate personal and business bank accounts to prevent the co-mingling of funds and tracking lapses.

- *Regulatory Compliance*

Regulatory organizations and the Bureau of Internal Revenue (BIR) must establish a proactive municipal help desk in Juban to offer structured pre-audit consultations and technical guidance on Letters of Authority (LOA) to shift the state enforcement framework to a supportive diagnostic partnership and encouraging proactive compliance among rural merchants.

- *Recommendation for Future Research*

Future scholars must undertake realistic, qualitative case studies focused on the psychological and operational barriers that cause rural entrepreneurs to resist digital transitions or fail at fund segregation essential to address a critical gap in localized literature, providing provincial policymakers, realistic economic frameworks tailored to the actual operational realities of developing municipalities.

➤ *Coping Mechanism*

- *Coping Mechanisms in the Accumulation and Recognition of Source Documents*

Juban's SME managers, owners, bookkeepers, and accounting staff must transition from manual box-filing systems to a structured "dual-logging" protocol by taking immediate, dated mobile snapshots of physical vouchers before daily storage to eliminate the human error, physical degradation, and processing fatigue.

- *Coping Mechanisms for Bookkeeping Systems and Tools*

The Trade and Industry Department (DTI), in coordination with local tech sectors, must distribute standardized, offline-first accounting software with automatic data-sync capabilities to rural merchants so that understaffed firms can maintain high processing speeds and avoid manual regression despite severe local internet connectivity limitations.

- *Coping Mechanisms for Internal Controls in Bookkeeping Processes*

Juban's SME managers and owners must institutionalize the "owner-as-employee" framework by executing fixed salary allocations and maintaining separate multi-bank business accounts to act as their own internal regulators, thereby creating corporate boundaries that prevent the bleed of business capital into personal expenses.

- *Coping Mechanisms for Regulatory Compliance*

To eliminate the expensive burden of external professionals and reduce audit anxiety, regulatory organizations, the BIR, and Juban's LGU must partner to provide subsidized compliance clinics and simplified tax-education modules tailored specifically to the operational scale of rural SMEs.

➤ *Proposed Workbook*

- *Proposed Workbook to Assist Bookkeepers of Small and Medium Enterprises*

To avoid steep administrative penalties and reduce dependence on expensive accountants, Juban's SME managers, owners, bookkeepers, and accounting staff must integrate the "Juban SME Simplified Bookkeeping Workbook" into their daily storefront operations as their baseline manual ledger system.

- *Recommendation for Juban's Local Government Unit (LGU) and Trade and Industry Department (DTI)*

To institutionalize basic tax literacy and accelerate grassroots modernization without forcing merchants to buy complex software, Juban's LGU and the DTI must fund and mass-distribute the simplified bookkeeping workbook to all registered micro-merchants during the annual business permit renewal cycle.

- *Recommendation for Regulatory Organizations and the Bureau of Internal Revenue (BIR)*

To shift rural compliance from a fear-driven burden into a collaborative public-private partnership, regulatory organizations and the BIR must officially endorse simplified visual bookkeeping frameworks as acceptable compliance models that bridge the gap between daily retail sales and national tax mandates.

REFERENCES

- [1]. Adomako, S., Nguyen, N. P., & Tran, M. D. (2025). Survival of the fittest: The impact of formal bookkeeping on the longevity of small enterprises.

- International Journal of Entrepreneurial Finance*, 19(1), 45–62.
- [2]. Amoako, G. K. (2013). Accounting practices of SMEs: A case study of Kumasi Metropolis in Ghana. *International Journal of Business and Management*, 8(24), 73–83.
 - [3]. Amoako, G. K. (2018). *Strategic bookkeeping for small business survival* (2nd ed.). Business Science Press.
 - [4]. Ball, R., & Thoraneenitiyan, S. (2024). *IFRS for SMEs and global financial reporting standards*. Wiley.
 - [5]. Ballesteros, J. (2025). The digital shift: Mobile accounting apps in rural Philippine municipalities. *Philippine Journal of Business Education*, 12(2), 110–125.
 - [6]. Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
 - [7]. Bautista, R. L. (2026). Drivers of compliance in third-class Philippine municipalities. *Local Economy Review*, 8(1), 15–29.
 - [8]. Becker, G. S. (1964). *Human capital: A theoretical and empirical analysis, with special reference to education*. University of Chicago Press.
 - [9]. Bernardo, M., & Cruz, D. (2025). Post-pandemic accounting: Hybrid bookkeeping systems in the rural Philippines. *Journal of Southeast Asian Small Business*, 14(3), 201–218.
 - [10]. Board of Accountancy. (2024). *Revised Philippine financial reporting standards for small entities*. Professional Regulation Commission.
 - [11]. Creswell, J. W., & Creswell, J. D. (2023). *Research design: Qualitative, quantitative, and mixed methods approaches* (6th ed.). Sage Publications.
 - [12]. Department of Trade and Industry. (2023). *2023 MSME statistics: Status of micro, small, and medium enterprises in the Philippines*. <https://www.dti.gov.ph>
 - [13]. Fiedler, F. E. (1964). A contingency model of leadership effectiveness. *Advances in Experimental Social Psychology*, 1, 149–190.
 - [14]. Godfrey, J., Hodgson, A., Tarca, A., Hamilton, J., & Holmes, S. (2017). *Accounting theory* (7th ed.). John Wiley & Sons.
 - [15]. Grefalde, M. S. (2020). *Financial documentation practices of rural entrepreneurs in Sorsogon* [Unpublished master's thesis]. Sorsogon State University.
 - [16]. Jimenez, K. P. (2024). The cost of compliance: Barriers to professional accounting services for Philippine MSMEs. *Asia-Pacific Business Review*, 30(4), 88–104.
 - [17]. Lusardi, A., & Mitchell, O. S. (2023). The importance of financial literacy: Opening a new field. *Journal of Economic Literature*, 61(4), 1120–1145.
 - [18]. Maseko, N., & Manyani, O. (2019). Accounting practices of SMEs in Zimbabwe: An investigative study. *Journal of Accounting and Taxation*, 3(8), 171–181.
 - [19]. Mazzarol, T. (2015). *Small business management: An applied approach*. Tilde University Press.
 - [20]. Mazzarol, T., Reboud, S., & Clark, D. (2015). The role of financial management in the survival of small firms. *Small Enterprise Research*, 22(1), 34–51.
 - [21]. Micabalo, J. T., Santos, L. M., & Reyes, F. G. (2025). Operational effectiveness and bookkeeping standards in Philippine rural settings. *Philippine Management Review*, 32, 45–68.
 - [22]. Nguyen, T. H., Nguyen, C. V., & Pham, H. G. (2022). Factors affecting the adoption of computerized accounting systems in small and medium enterprises. *Journal of Theoretical and Applied Information Technology*, 100(15), 4500–4512.
 - [23]. Otley, D. T. (1980). The contingency theory of management accounting: Achievement and prognosis. *Accounting, Organizations and Society*, 5(4), 413–428.
 - [24]. Pascua, M., Dela Cruz, E., & Tolentino, G. (2023). Financial illiteracy and fund mixing among provincial micro-enterprises. *Journal of Philippine Entrepreneurship*, 9(2), 77–92.
 - [25]. Romney, M. B., & Steinbart, P. J. (2018). *Accounting information systems* (14th ed.). Pearson.
 - [26]. Sarpong-Danquah, B., Gyimah, P., Poku, K., & Osei-Poku, F. (2022). Bookkeeping practices and the growth of SMEs: The mediating role of financial transparency. *Journal of Accounting and Finance*, 22(5), 102–118.
 - [27]. Scott, W. R. (2015). *Financial accounting theory* (7th ed.). Pearson.
 - [28]. Siyanbola, T. T. (2012). Accounting systems in small and medium scale enterprises in Nigeria. *International Journal of Arts and Humanities*, 1(1), 48–64.
 - [29]. Tan, A. (2026). Intent and attitude: The behavioral economics of bookkeeping in rural provinces. *Journal of Behavioral Accounting*, 5(1), 22–39.
 - [30]. Villanueva, S. G. (2025). Bridging the digital divide in rural SME accounting. *Technological Forecasting in Developing Economies*, 11, 134–149.
 - [31]. Virtus Inter Press. (2022). *Corporate governance and financial reporting in emerging markets*. Virtus Press.
 - [32]. Yap, C. S. (2025). Regulatory compliance and fiscal discipline among small businesses in Sorsogon. *Sorsogon Economic Journal*, 4(1), 50–65.