



## **Improving Micro, Small and Medium Enterprises' Understanding of Istishna Accounting through Mentoring Activities**

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### **Abstract**

Financial bookkeeping plays an important role to determine the financial condition in one transaction period. Financial bookkeeping that is carried out systematically, referring to accounting, can improve transparency, financial control and decision making, especially Sharia accounting bookkeeping. However, the level of Islamic financial literacy of small and micro businesses is still low. This assistance is a form of increasing the understanding of micro, small and medium enterprises about financial bookkeeping through Istishna accounting. Assistance was carried out in 3 businesses, namely the Cikra Pecel chili business, the brick press business and the Sanma Bouquet business, which was carried out through interviews and service learning on May 3, 2025. The results obtained that in the pre-implementation stage, the three businesses had simple bookkeeping that was not systematic and did not recognize the Istishna accounting contract and bookkeeping. The implementation stage was carried out by providing material for the introduction of Istishna accounting contracts and bookkeeping. At the third post-implementation stage, the three business actors gained understanding and knowledge that was not just theory but also the practice of journaling and determining business profits and losses. The evaluation results show that further mentoring activities are needed to strengthen the understanding and consistency of Sharia accounting bookkeeping practices for MSMEs on a regular basis.

**Keywords:** Mentoring, MSMEs, Istishna Accounting, Financial Bookkeeping, Service Learning

### **Abstrak**

*Pencatatan keuangan memainkan peranan penting untuk mengetahui kondisi keuangan dalam satu periode transaksi. Pencatatan keuangan yang dilakukan secara sistematis mengacu pada akuntansi dapat meningkatkan transparansi, mengontrol keuangan dan pengambilan keputusan*

*terutama pencatatan akuntansi syariah. Namun, tingkat literasi keuangan syariah pelaku usaha kecil dan mikro tergolong masih rendah. Pendampingan ini sebagai bentuk peningkatan pemahaman usaha mikro kecil dan menengah tentang pencatatan keuangan melalui akuntansi istishna. Pendampingan dilakukan pada 3 usaha yaitu Usaha sambel Pecel Cikra, Usaha Press Batako dan Usaha Buket Sanma yang dilakukan melalui wawancara dan service learning pada 3 Mei 2025. Diperoleh hasil bahwa pada tahap pra pelaksanaan ketiga usaha melakukan pencatatan secara deservhana yang belum sistematis dan belum mengenal akad dan pencatatan akuntansi Istishna. Tahap pelaksanaan dilakukan memberikan materi pengenalan akad dan pencatatan akuntansi Istishna. Tahap pasca pelaksanaan ketiga, ketiga pelaku usaha mendapatkan pemahaman dan pengetahuan yang tidak sekedar teori tetapi juga praktik penjurnalan dan penentuan laba rugi usaha. Hasil evaluasi bahwa diperluhkan kegiatan pendampingan lanjutan untuk memperkuat pemahaman dan konsistensi praktik pencatatan akuntansi syariah bagi UMKM secara berkala.*

**Kata Kunci:** *Pendampingan, UMKM, Akuntansi Istishna, Pencatatan Keuangan, Layanan Pembelajaran.*

## **Introduction**

Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars in Indonesia's national economy. The role of MSMEs is very significant in creating jobs, increasing community income, and providing added value to local products. MSMEs have a large contribution to GDP nationally, reaching 60.5 percent and have great potential to be developed and play an important role in the economy. The potential of MSMEs has contributed to the absorption of unemployment in Indonesia (Tambunan, 2023). Thus, it shows how much the MSME sector contributes to the economy and community welfare. Based on data from the Central Bureau of Statistics, in Indonesia in 2023, the number of micro businesses amounted to 4,181,128 units, and small businesses amounted to 319,456 units spread throughout Indonesia (BPS, 2024). Based on the National Financial Literacy and Inclusion Survey (2024), the level of financial literacy in rural areas is 59.25 percent with financial inclusion of 70.13 percent, while in urban areas it is 69.71 percent. The survey of financial literacy based on occupation, namely, entrepreneurs at 78.32 percent. The survey of the level of financial literacy and inclusion in sharia is low compared to conventional, namely conventional financial literacy of 65.08 percent with financial inclusion of 73.55 percent, while Islamic financial literacy is 39.11 percent with financial inclusion of 12.88 percent (OJK, 2024). Thus, according to the survey results, the level of financial literacy in villages tends to be lower than in urban areas, especially for those who have not worked, however the level of financial literacy of entrepreneurs tends to be high, which means that some entrepreneurs have made structured bookkeeping, while Islamic financial literacy is very low compared to conventional. The dominant community uses conventional finance in financial transactions, supported by conventional financial inclusion which is stronger and better known by the general public than Islamic finance. Based on the survey results, it shows that the Indonesian people have low confidence in Islamic financial services which is influenced by low understanding, gender, age and education (OJK & BPS, 2024).

MSMEs have a vital role in the economy, the government as a facilitator can provide support in the form of providing incentives in the form of capital assistance, training in the form of management, and mentoring. The mentoring program can be in the form of training in bookkeeping and managing finances that support the development of MSMEs. In bookkeeping finances, many business actors experience difficulties that have implications for a low level of transparency which results in errors in decision making or in determining profit and loss in one period. This is in line with the mentoring program by (Nurfaedah et al., 2024) that most business actors have low abilities in terms of accounting principles and also financial bookkeeping, which results in unsystematic financial management that has an impact on business development. Likewise, the mentoring program (Munawar et al., 2023) that micro and small-scale MSMEs in prepare financial statements are carried out simply using a journal column to determine the remaining available cash balance which results in low-quality financial bookkeeping and poor estimation of future financial bookkeeping. Thus, low financial literacy can lead to low understanding, knowledge and skills in financial bookkeeping, financial inclusion through empowerment, mentoring and training activities related to financial bookkeeping. A structured financial report can provide a financial overview of both income earned and losses in one period.

In accordance with the Financial Accounting Standards for Micro, Small and Medium Entities (SAK EMKM), which came into effect on January 1, 2018, every MSME must be able to prepare its financial statements in accordance with the established standards. SAK EMKM is a simple financial accounting standard that regulates common transactions aimed at meeting the financial reporting needs of MSMEs (Sari, 2021). Good financial bookkeeping are not only important for internal management, but also the basis for accessing external financing, planning business strategies, and maintaining business continuity. Therefore, the introduction of an accounting system that suits the characteristics and needs of MSMEs is very important. Good financial bookkeeping mean that MSME players have a concern for their business. Accounting bookkeeping are needed so that MSME actors are able to analyze and take solutions to the problems they face (Marheni et al., 2022). Thus, training and mentoring in accounting can improve the knowledge and skills of MSME actors, especially in understanding the accounting cycle and utilizing digital technology for financial bookkeeping.

The principle of financial bookkeeping has also been explained in the Qur'an in Surah Al-Baqarah, verse 282. The letter states that every human being who transacts should always write or record every transaction they make. This bookkeeping will bring justice to both parties who are transacting. So that in accordance with this verse, financial bookkeeping is very important to do (Oktaviana, 2022). As the development of MSMEs, the ability of human resources must increase with the aim of maintaining business continuity and expanding market share, especially in finance (Permatasari et al., 2024). Referring to the interviews we have conducted previously, the lack of knowledge of MSME players in terms of Sharia financial records results in the lack of readiness of MSME players in making business decisions. In this context, we are interested in conducting research and direct assistance to several local MSMEs, such as Sambel Pecel, Buket Bunga, and Batako Press businesses, to evaluate the extent to which they experience similar problems in accounting records. The approach to be used involves the introduction of an istishna accounting system, especially for MSMEs that apply

sale and purchase contracts based on sharia principles. The application of Istishna accounting is expected to provide a more suitable financial recording solution for MSMEs operating under this business model. Through this training and mentoring, it is expected that MSMEs will be able to improve their managerial capabilities, especially in financial management, so that they can make more effective and strategic business decisions. This is in line with the long-term goal of inclusive and sustainable national economic development.

## Method

The research method uses qualitative methods, while the type of research is a Service Learning. Qualitative research is research whose data is not in the form of numbers but in the form of a statement or sentence, and does not require a hypothesis in research (Abdullah, 2015). Learning is a method of teaching to solve community problems directly by combining academic goals with efforts to raise awareness (Pattipawaej et al., 2023). Mentoring activities using the service learning method have been carried out by (Andayani, 2023; Aramburuzabala et al., 2024; Fadhil Surur & Khairul Sani Usman, 2022; Nugroho et al., 2023). This study combines learning the theory of sharia accounting with direct practice in the financial management of micro and small businesses in a sharia manner. This method allows MSME actors to learn while bookkeeping finances and managing businesses according to sharia principles such as honesty, prohibition of usury, and transparency so that the knowledge gained is directly applied in their business. The implementation of this activity was designed in detail, starting from the pre-activity, post-activity, and follow-up stages.

In the pre-activity stage, planning was carried out to prepare a training schedule, determine the material to be delivered, and select presenters who have competence and dig deeper into MSME actors who will be targeted for training through interviews. During the training, the method used was a simple explanation of Sharia accounting. After the activity was completed, evaluation and follow-up were carried out. Evaluation was carried out through interviews with MSME business actors to obtain input regarding the benefits and shortcomings of the training. It is hoped that this training can help MSME actors in preparing financial reports in accordance with Sharia accounting principles. Researchers took three MSME actors, including:

**Table 1** MSME Business

No	Business Name	Business	Location	Time
1	Press Batako Ploso Agung	Brick Production	Rejotangan Tulungagung	3 May 2025
2	Sambel Pecel Cikra	Pecel      Sauce Production	Campurdarat, Tulungagung	3 May 2025
3	Bouquet Sanma	Boquet Crafters	Wonodadi, Blitar	3 May 2025

## Result and Discussion

In this section, mentoring activities are carried out in three stages, covering pre-implementation, which begins with conducting preliminary interviews to find out how far the financial bookkeeping has been carried out. Then, pre-implementation was carried out by providing material about the introduction of the Istishna contract and bookkeeping with Istishna accounting. After that, a second stage interview was conducted to find out how far the understanding related to the material that had been given. The explanation is as follows:

### Pre-implementation Stage

In this first stage, mentoring activities were carried out in three different businesses, namely Sambel Pecel Production located in Campur Darat, Tulungagung; Ploso Agung brick press located in Rejotangan, Tulungagung, and Bouquet, Dowry and Hampers business located in Wonodadi, Blitar.

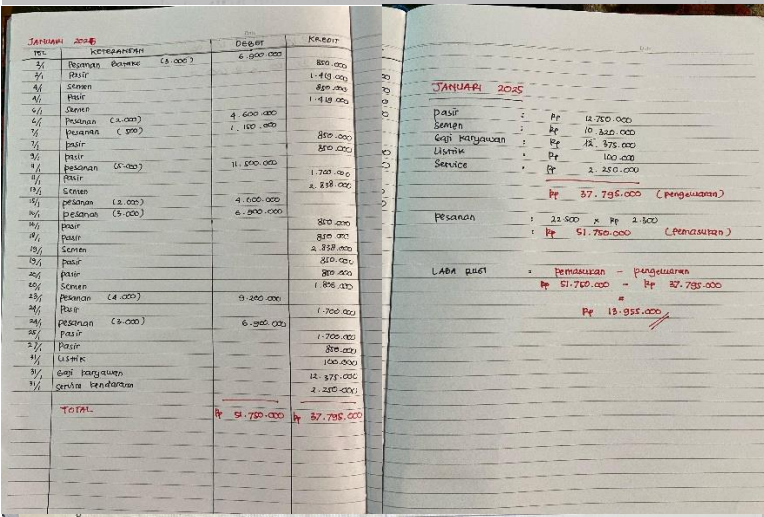
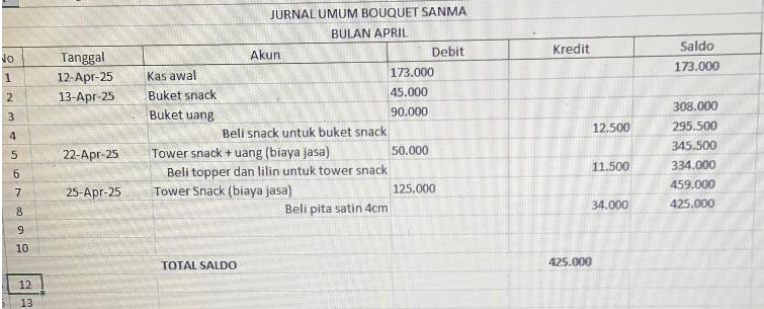


**Figure 1** Production of Pecel Sauce Cikra (a), Ploso Agung brick press (b), Sanma bouquet business (c)

Based on the results of the interviews, it was found that two of the three businesses in the financial bookkeeping activities have not been carried out systematically, this is evidenced by the results of interviews with the owners of the sambel pecel business and the buket business that bookkeeping activities have not been carried out routinely. However, the bookkeeping of the brick press business has shown that routine financial bookkeeping is carried out to support the smooth running and financial transparency, considering the brick press business as a medium-scale business that has made many brick order transactions. Likewise, financial bookkeeping is carried out simply in the form of bookkeeping to determine income and expenses on daily sales transactions, both manually and using Excel applications.



**Table 2** Financial Bookkeeping Before Assistance

No	Business Name	Pencatatan Keuangan
1	Sambel Pecel Cikra	<p>Pengeluaran Modal awal produksi (4 kg) : Rp 231.000</p> <p>Pemasukan Pesanan 1kg @ Rp 75.000 (xs) : Rp 225.000</p> <p>Pemasukan Pesanan 200gr @ Rp 15.000 (xs) : Rp 75.000</p> <p>Penghasilan : 4 kg x Rp 75.000 : Rp 300.000</p> <p>Pendapatan bersih : Rp 300.000 - Rp 231.000 : Rp 69.000</p>
2	Press Batako Ploso Agung	
3	Buket Sanma	

Based on financial bookkeeping in the Sambel Pecel Cikra business, the financial bookkeeping for each order by the buyer include expenses, income, total sales and net income. With this record, the business owner can find out the net income for each order. Then, in the Buket Sanma business, financial bookkeeping has been done with the help of an Excel application, which is systematically done when there is an incoming transaction by listing the account name, debit and credit, and total balance. Accounting as a bookkeeping, reporting, and summarizing activity that can facilitate activities in bookkeeping, financial transactions, and making future decisions. Although financial bookkeeping activities have been carried out, they have simply been known and practiced. But financial bookkeeping or accounting with Sharia principles has not been widely recognized for small business actors who have a tendency to just do simple bookkeeping. The introduction of Sharia accounting needs to be pursued in

financial bookkeeping to find out the limitations in financial bookkeeping and increase transparency in financial bookkeeping and avoid fraudulent activities and uncertainty in financial bookkeeping. In addition, in the practice of financial bookkeeping, there are still many obstacles faced by business actors, such as bookkeeping cash flows in and out, bookkeeping profit and loss, to determining the selling price of products. Determination of product selling prices can occur because buyers sometimes provide certain specifications that are different from the products that are usually sold.

Assistance activities need to be carried out with the aim of harmonizing Islamic goals with financial bookkeeping, such as buying and selling activities carried out by MSME actors with buyers, where the transactions are recorded in accordance with finance through Istishna accounting. In the study (Artika Dewi Putri & Rayyan Firdaus, 2024) by applying Islamic principles in accounting bookkeeping activities can minimize the occurrence of fraud and other harmful activities such as dishonesty in business activities. As well as in sharia accounting not only emphasizes profit but also relates to welfare and benefits to the community. Then, with compliance with Sharia principles in the financial management of a company can increase public trust in the company. Financial transparency can be a reference to find out information, position, and financial performance of the company that is useful for stakeholders (Menne et al., 2024). In addition, the existence of sharia compliance in financial bookkeeping activities can avoid practices prohibited in Islam such as usury, uncertainty, and speculative activities, and can encourage fairness and financial transparency (Akhlaq & Asif, 2024). Thus, based on this first stage interview, there is still a lack of understanding related to financial bookkeeping, especially financial bookkeeping with sharia accounting. Therefore, it is necessary to provide assistance to MSME actors and not just bookkeeping but also in terms of introducing the istishna contract, this is because business activities relate to buying and selling by ordering goods in advance.

### **Implementation Stage**

At this stage, the implementation is carried out after conducting the first stage of interviews (Pre-field) related to the introduction of the Istishna contract and Istishna's accounting bookkeeping. The Istishna' contract and bookkeeping were chosen in the assistance because most of the MSMEs selected as MSMEs operate in buying and selling activities, where buying and selling activities are carried out by ordering goods in advance from the seller by setting predetermined specifications. This buying and selling activity is certainly in line with the application of the Istishna' contract. By buying and selling activities in Islam must be based on mutual consent between the seller and the buyer, with the existence of a sale and purchase agreement according to Islamic principles basically to avoid things that can harm both parties, such as the provision of goods that must be following specifications, setting a selling price that does not harm the buyer. Therefore, in the implementation of assistance, an explanation is first carried out regarding the ins and outs of the Istishna contract, starting from the definition, terms and conditions, contract schemes or procedures, and financial bookkeeping with simple Istishna Accounting.



**Figure 3** Implementation of Financial Bookkeeping Assistance

The materials presented during the training session included the following:

a. Introduction to Istishna Akad

An agreement in buying and selling is carried out by ordering goods accompanied by specifications and statements that have been agreed upon by both parties. Istishna can be interpreted as an activity of buying and selling goods preceded by an order for the manufacture of goods by certain requirements, specifications, and payment in accordance with the agreement. The seller in this activity is called *Shani*, and the buyer is called *Mustashni* (Johari et al., 2023). Based on Fatwa DSN MUI (2000) concerning Istishna sale and purchase is a contract in buying and selling activities in the form of an order for the manufacture of goods based on certain criteria and requirements agreed by both parties (Dewan Syariah Nasional MUI, 2000).

b. Terms and Conditions of Istishna

Activities based on sharia principles must fulfill the pillars and conditions, as well as in the Istishna sale and purchase contract, as follows (Johari et al., 2023):

1) Rukun

- a) Order taker (Seller/*Shani*)
- b) Orderer of the goods (Buyer/*Mastshni*)
- c) Goods ordered (*Mashnu*)
- d) Price (*Tsanani*)
- e) Ijab and Qobul (*Sighat*)

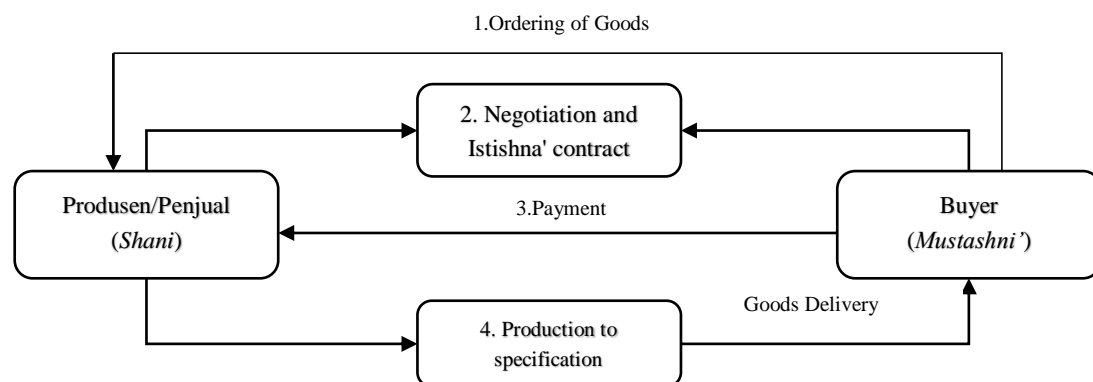
2) Terms

- a) Specifications of goods (*Mashnu*) that are valid to be used as objects provided that the type, type, quality, and quantity of the object must be clear.



- b) The price is fixed and must be transparently known to both parties, payment can be made immediately, in installments, or deferred to a future date.
  - c) The contract can be terminated when all obligations of both parties are fulfilled, or the agreement to terminate the contract and cancel it due to a reasonable cause to prevent the implementation of the contract or the completion of the contract.
- c. Procedure of the istishna' contract

Istishna is a contract agreement for ordering goods, and pricing can be done by bargaining, which can be paid directly, in installments, or at the end of the lease. (Wahid, 2021). In line with the MSME activities carried out by this assistance, which in practice are carried out by ordering goods first. Istishna practice is carried out for the purpose of increasing security in transactions and avoiding transactions where the specifications of the goods set by the buyer are unclear to the seller, pricing and delivery are not in accordance with the agreement, which can harm the pillars and conditions of the contract in buying and selling. The following is the flow of buying and selling activities using the Istishna contract:



**Figure 4** Procedure of istishna' contract  
*Source: (Ryandono & Wahyudi, 2021).*

The mechanism of sale and purchase with Istishna contract is based on an order made by the buyer to the seller (manufacturer) to provide an item or product by the provisions or specifications that have been submitted by the buyer (Anwar, 2022). The Istishna sale and purchase mechanism is almost similar to the Salam contract. The Salam sale and purchase agreement is carried out by ordering goods with certain specifications that are paid in advance, and the goods are delivered at a later date, with a predetermined time and place (Harun, 2022). However, buying and selling with an Istishna contract involves ordering goods in advance, and payment does not have to be upfront. Based on this figure, the flow of Istishna sale and purchase can be explained in simple terms, as follows:

#### 1) Ordering Goods

In the initial stage, the buyer (mustashni') places an order for goods to the manufacturer or seller (Shani) by expressing the specifications of the goods to be ordered. The specifications of the goods must be clear and detailed to avoid errors, such as the size, quality, and quantity of the goods (Ryandono & Wahyudi, 2021). In the contract, the description and classification of the goods sold must be adjusted to what the buyer ordered (Soemitra, 2019).

2) Negotiation and contract

After placing an order for goods, the seller and buyer make an agreement (Ijab Qabul) to carry out an Istishna contract to provide goods according to previously agreed specifications. The contract that has been agreed upon by the seller and the buyer is binding and cannot be changed (Soemitra, 2019).

3) Payment for goods

In the Istishna contract mechanism, payment can be made directly or an upfront payment after the buyer provides the specifications of the goods and the contract has been made. Then, payment can be made when the goods have been received by the buyer to avoid discrepancies in the goods. In addition, in this contract, payment can be made deferred at a later date or in installments by the buyer. (Galuh & Utami, 2022). With the payment mechanism either directly, in installments or at the end of the contract, it can provide flexibility in buying and selling activities because this contract focuses on ordering goods in advance, not on goods that are already available.

4) Production of Goods

After the contract is made, accompanied by payment either directly, in installments or at the end of the contract, the seller produces the goods according to the specifications of the goods ordered by the buyer.

5) Delivery of Goods

The final stage in the sale and purchase process is the delivery of goods that have been ordered according to the agreed time and place, as well as repayment if payment is deferred at the end of the contract. In addition, in this final stage, the object of the order does not match what was ordered, the buyer can make khiyar (the right to choose) to continue or cancel the order (Soemitra, 2019). If the buyer chooses to continue the order, the seller must revise the order according to the initial conditions.

In order to make it easier to understand the flow scheme, the following application examples are given:

- 1) Ordering a cupboard from a cupboard maker where the buyer provides the criteria and design according to their wishes.
- 2) Making clothes, where the buyer orders clothes from the designer or designer or tailor to make the clothes.

d. Istishna Accounting Bookkeeping

**MSME X Transaction Period April 2025**

- 1) On March 1 2025, MSME X negotiates with the Buyer to provide ordered products with specifications that have been ordered by the buyer and agreed by both parties.
- 2) On March 3, 2025 MSME X incurs pre-contract costs related to surveying raw materials and manufacturing products. The buyer has issued cash amounting to Rpxxxxx-.
- 3) On March 8, 2025, an agreement was reached between MSME X and the Buyer. Based on the agreement, the product price is estimated at Rpxxxxx. The completion time of the product is estimated to be completed within 1 week, and for billing 1 term payment mechanism 2 days after billing.
- 4) On March 16, 2025, MSME X has completed all of its production.
- 5) On March 17, 2025 MSME X has delivered the goods to the Buyer and invoiced the first term.

- 6) On March 19, 2025, the Buyer settles the bill for the amount invoiced to MSME X  
Bookkeeping in the General Journal based on these transactions:

**Table 2** General Journal with Istishna Accounting

**MSME X**  
**Period April 2025**  
**GENERAL JOURNAL**

<b>Tgl.</b>	<b>MSME X</b>		
	<b>Transaction</b>	<b>Debet</b>	<b>Credit</b>
1/3/2025	Not Journalized		
3/3/2025	Deferred Pre-Accounting Expenses	Rpxxxxx,-	
8/3/2025	Cash		Rpxxxxx,-
	Istishna' Expenses	Rpxxxxx,-	
16/3/2025	Deferred Pre-Factual Expenses		Rpxxxxx,-
	Istishna' Assets in Progress	Rpxxxxx,-	
	Cash		Rpxxxxx,-
17/3/2025	Istishna Receivable	Rpxxxxx,-	
	Istishna Termin		Rpxxxxx,-
	Istishna Termin	Rpxxxxx,-	
	Istishna Assets in Progress		Rpxxxxx,-
19/3/2025	Cash	Rpxxxxx,-	
	Istishna Receivable		Rpxxxxx,-
	Cash	Rpxxxxx,-	
	Istishna' Expenses		Rpxxxxx,-
	Journal of Revenue Recognition		
	Istishna' Expenses	Rpxxxxx,-	
	Istishna' Revenue		Rpxxxxx,-

### Post-Implementation Stage

After conducting a mentoring session related to the provision of material in the form of an introduction to the Istishna contract and financial bookkeeping with Istishna Accounting, which was then followed up by conducting a post-implementation interview with business actors to find out about the practice of Istishna in buying and selling activities and financial bookkeeping. The results obtained that this mentoring provides benefits for business actors, increasing understanding related to financial bookkeeping as well as the application and general description of the Istishna contract in buying and selling activities with a pre-order system with payments that can be made at the beginning, in installments or at the end of the contract period. Then, the material during the mentoring session, according to business actors, can be clearly understood. The provision of material during the delivery was sequential, starting from the introduction of the Istishna contract, the pillars and requirements of the Istishna sale and purchase contract, the buying and selling mechanism according to the Istishna will, and an example of making a journal by entering the transaction column.

The provision of material during mentoring can provide new insights related to bookkeeping in accordance with accounting bookkeeping standards, especially Sharia-based accounting bookkeeping. Then, from the provision of materials, business actors can learn how

to record for financial management more systematically than before. So that it has an impact on increasing trust in bookkeeping business finances, understanding sharia principles in buying and selling transactions, and financial bookkeeping, and mentoring activities can be provisions for better financial bookkeeping. And in the last interview session, business actors have high hopes and activities can motivate them to pay more attention to financial bookkeeping, which is carried out routinely, paying attention to Islamic principles in all activities, both bookkeeping and buying and selling. This is in line with mentoring activities by (Lestari et al., 2023) The existence of a service program it can improve partners' understanding of financial bookkeeping, starting from collecting transaction evidence to presenting financial reports. After mentoring, partners who lack understanding related to bookkeeping have formed an understanding of the appropriate stages of financial bookkeeping. Likewise, in mentoring activities (Jehaman & Candra, 2023) that community service and training activities can improve skills, understanding and knowledge related to financial bookkeeping which can be useful in financial turnover in a business.

### **Evaluation Stage**

In this evaluation stage, the results of the training conducted by the team will be explained and what needs to be developed, and how progress has been seen from the beginning of the training to the end of the training. Before the training was conducted, the accounting bookkeeping of Micro, Small, and Medium Enterprises (MSMEs) Batako Press Ploso Agung, Sambel Pecel Cikra, and Bouquet Sanma showed a low understanding of accounting principles, especially those based on sharia. These MSMEs have not recorded transactions systematically, and the existing bookkeeping is often not well documented. The bookkeeping process is carried out manually, limited to practical daily needs, without paying attention to applicable accounting standards. This irregularity makes it difficult to prepare financial reports that can be used as a basis for making business decisions. In addition, the understanding of the *istishna* contract as a form of transaction in the Sharia economy is still very minimal among these MSMEs. In fact, this contract is very relevant to be applied in the custom goods production sector engaged in by these 3 MSMEs. This lack of literacy causes business actors to lose opportunities to access Sharia financing that suits their business characteristics, thus hampering optimal business development. For example, in the Ploso Agung brick press UMKM, the lack of understanding of the *istishna* contract prevents them from utilizing financing based on production orders, which are actually very relevant to their order-based business patterns.

Meanwhile, Cikra pecel sauce business actors tend not to know the *mudharabah* or *musyarakah*-based financing scheme, so they prefer conventional financing which does not accommodate the principle of profit sharing and is high risk of interest. As for the Sanma bouquet business, especially those engaged in the creative and seasonal fields, understanding of the *syirkah* or *qardhul hasan* scheme is also very low, even though this model can be very helpful in business development with fairer risks and short-term financing without interest. Therefore, increasing sharia financial literacy is urgent so that these UMKM can develop sustainably and in accordance with sharia principles. Seeing these problems, the implementation team decided to intervene through training and mentoring activities with a focus on *Istishna* accounting in accordance with PSAK 104. The purpose of this activity is to

equip UMKM actors Batako Press Ploso Agung, Sambel Pecel Cikra, and Bouquet Sanma with a basic understanding of istishna contracts and skills in bookkeeping and reporting finances in accordance with sharia principles. The training materials include an introduction to the concept of istishna, stages of bookkeeping transactions, recognition of income and expenses, and preparation of financial reports based on Sharia accounting standards. In addition to training, periodic mentoring is also carried out to ensure that participants can implement the knowledge gained into daily business practices so that business actors can record transactions accurately and in accordance with Sharia principles.

**Table 3** Financial bookkeeping after mentoring  
**Istishna Accounting Bookkeeping**  
**Pecel Sauce Cikra**  
**April 2025 Period**

Date	Pecel Sauce Cikra		
	Transaction	Debit	Credit
1/4/2025	Not Journalized		
3/4/2025	Deferred Pre-Accounting Expenses	Rp231.000,-	
	Cash		Rp231.000,-
7/4/2025	Istishna Expenses	Rp231.000,-	
	Pre-Akad Expense Deferred		Rp231.000,-
9/4/2025	Istishna Asset in Progress (3kg)	Rp225.000,-	
	Cash		Rp225.000,-
10/4/2025	Istishna Receivable	Rp225.000,-	
	Istishna Term		Rp225.000,-
	Istishna Term	Rp225.000,-	
	Istishna Asset in Progress (3kg)		Rp225.000,-
12/4/2025	Cash	Rp225.000,-	
	Istishna Receivable		Rp225.000,-
15/4/2025	Istishna Asset in Progress (1kg)	Rp75.000,-	
	Cash		Rp75.000,-
17/4/2025	Istishna Receivable	Rp75.000,-	
	Istishna Term		Rp75.000,-
	Istishna Term	Rp75.000,-	
	Istishna Asset in Progress (1kg)		Rp75.000,-
19/4/2025	Cash	Rp75.000,-	
	Istishna Receivable		Rp75.000,-
	Cash	Rp231.000,-	
	Istishna Expense		Rp231.000,-
	Revenue Recognition Journal		
	Istishna Expense	Rp300.000,-	
	Istishna Income		Rp300.000,-

Based on the journal, it can be seen that the istishna income at the end of the period was IDR 300,000 obtained from ordering 3kg of pecel sauce (IDR 225,000) and 1kg of pecel sauce @200 grams (IDR 75,000). So at the end of the period, the pecel sauce business obtained a profit of IDR 69,000 from the Istishna income minus the deferred pre-akad Bebam (IDR 300,000-IDR 231,000). In the training activity, participants from UMKM Batako Press Ploso Agung, Sambel Pecel Cikra, and Bouquet Sanma participated in a series of sessions designed interactively and applicatively. The activity began with an opening session explaining the



importance of Sharia accounting, especially the istishna contract, in supporting the financing and sustainability of their businesses. Next, participants are introduced to the basics of istishna contracts, including the structure of the contract, the pillars of the istishna contract, the scheme, and its characteristics in the context of custom production, as well as its differences from other contracts such as ijarah or salam. The core training material focuses on the application of PSAK 104, which includes the stages of bookkeeping transactions based on time and contract value, revenue recognition in accordance with production progress, and the calculation of relevant business expenses. Participants are also invited to prepare simple financial reports based on real case studies from each type of their business. For example, the Ploso Agung brick press UMKM practices bookkeeping brick orders in the istishna system based on production volume and duration, while Sambel Pecel Cikra and Bouquet Sanma are given simulations of bookkeeping financing and revenue recognition according to their business cycle.

The session is complemented by direct practice using the Sharia financial report template and group discussions to complete case study questions. The training team also provides individual feedback on the bookkeeping done by participants. To strengthen the training results, weekly follow-up mentoring was conducted for one month, including field visits and online consultation sessions, to ensure that each participant not only understood the material theoretically but was also able to apply it consistently in their business operations. After the training and mentoring activities took place, the evaluation results showed positive developments, although not yet fully optimal. Based on interviews and field observations, the 3 MSMEs began to show changes in the way they recorded transactions, such as the use of a neater and more systematic bookkeeping format. Although the implementation of Istishna accounting is still in its early stages and has not fully met standards, this progress is an indicator that the training has had a constructive impact. In this case, periodic evaluation and increased human resource capacity are needed so that Istishna accounting can be applied consistently and support transparency and accountability of sharia-based business finances. Thus, in the future, further mentoring is needed to strengthen the understanding and consistency of Sharia accounting bookkeeping practices, so that MSMEs are able to implement Istishna accounting fully and sustainably.



**Figure 4** Documentation

## Conclusion

The implementation team identified that MSME actors Batako Press Ploso Agung, Sambel Pecel Cikra, and Bouquet Sanma faced difficulties in bookkeeping and reporting finances in accordance with sharia principles, especially in terms of implementing the istishna contract. Therefore, the training team prepared training materials that included an introduction to the istishna contract, stages of transaction bookkeeping, recognition of income and expenses, and preparation of financial reports in accordance with PSAK 104. The training team then invited 3 MSME actors to attend the training, prepared logistics, and ensured that participants had basic needs related to Sharia accounting knowledge.

At the implementation stage, the istishna accounting training begins with an introduction to the basic concept of istishna contracts in the context of sharia, as well as their application to MSMEs. The material taught includes transaction bookkeeping techniques using istishna contracts, recognition of income and expenses related to these transactions, and preparation of financial reports in accordance with sharia accounting standards, especially PSAK 104. In addition, regular assistance is provided to ensure that participants can implement the knowledge gained in daily business practices. This assistance also includes solving problems faced by participants and providing feedback on the financial reports that have been prepared, to ensure that bookkeeping and reporting are in accordance with Sharia principles. Although the implementation of istishna accounting is still in its early stages and is not fully in accordance with PSAK 104, participants showed significant progress in understanding the concept of istishna contracts, transaction bookkeeping techniques, and the preparation of simple financial reports.

Routine assistance after training has proven effective in helping business actors apply the knowledge gained to daily business practices. With a better understanding of sharia accounting, UMKM Press Batako Ploso Agung, Sambel Pecel Cikra, and Bouquet Sanma now have a greater opportunity to access sharia financing and improve the sustainability of their businesses in a more optimal and structured manner. At the evaluation stage, the training results showed that participants experienced a significant increase in understanding of the istishna contract and the application of financial bookkeeping techniques in accordance with Sharia principles. Evaluation of periodic mentoring also showed its effectiveness in helping participants implement the knowledge gained and overcome obstacles in daily business practices. Although some participants took longer to fully master financial bookkeeping techniques according to PSAK 104, there was a significant increase in terms of bookkeeping accuracy and compliance with Sharia principles.

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