

## **The Ethics of 'Uncomfortable' Accounts Payable: A Phenomenological Analysis Social, Spiritual in Local Communities**

**Sitti Mispa**

STIEM Bongaya Makassar, Indonesia  
*sitti.mispa@stiem-bongaya.ac.id*

**Alimuddin Alimuddin**

Hasanuddin University  
*Alimuddin@fe.unhas.ac.id*

**Syarifuddin Syarifuddin**

Hasanuddin University  
*Syarifuddin@fe.unhas.ac.id*

### **Abstract**

*Informal lending and borrowing practices are a social phenomenon that thrives within local communities and constitutes an important part of communities' survival strategies. However, these practices are not merely viewed as economic transactions but as social relationships imbued with moral, cultural, and spiritual values. Nevertheless, most accounting literature continues to focus on economic and administrative aspects, leaving the social-spiritual dimensions of informal debt largely unexplored. This gap forms the basis for the urgency of this study. This research aims to uncover the subjective experiences of communities in interpreting debt-credit practices and to explain how the ethical norm of "feeling awkward" shapes the ways in which debts are given, recorded, and collected. A phenomenological approach was used to explore the depth of meaning and life experiences of those involved in debt within their social context. A total of 10 informants were involved, consisting of small shop owners, homemakers, and informal workers. Data were collected through in-depth interviews, participatory observation, and documentation of simple debt records, and then analyzed using Interpretative Phenomenological Analysis (IPA). The results indicate that debt is understood as a moral relationship rooted in empathy, solidarity, and a sense of responsibility. The ethic of "not wanting to cause discomfort" emerges as a social mechanism that regulates debt collection behavior with care in order to maintain harmony. Debt record-keeping is flexible, informal, and trust-based, while spiritual values such as trustworthiness, blessings, and the fear of disappointing others influence repayment priorities. This study contributes by expanding the understanding of social-spiritual accounting, demonstrating that accounting practices at the community level are shaped by morality, social relationships, and spiritual values embedded in local culture.*

*Keywords: informal debt, phenomenology, "not wanting to cause discomfort" ethics, social-spiritual accounting, social trust, mental accounting.*

### **A. INTRODUCTION**

Informal lending practices are a socio-economic phenomenon that persists and thrives in various regions of Indonesia. Data from the Central Statistics Agency (2022) shows that approximately 67.8% of households in Indonesia have engaged in informal lending practices, whether through small shops,

neighbors, or close relatives. A 2023 Financial Services Authority survey also noted that access to informal loans reached 43% of total household loans in urban areas and 58% in rural areas. Furthermore, research by Rahmawati and Kusdewanti (2021) found that 78% of urban grocery stores provide credit or loans to their regular customers as a survival strategy and to build customer loyalty. This phenomenon demonstrates that informal debt is inseparable from people's economic lives, especially among lower-middle-class groups. Informal lending practices also often give rise to complex social dynamics, including conflicts due to inability to repay, tensions within neighbors, and feelings of shame and embarrassment that influence how people interact (Haryono, 2019; Royston, 2020). In this context, debt is not understood as a mere financial transaction, but rather as a form of solidarity, compassion, and concern for others experiencing economic hardship (Royston, 2020). This debt relationship creates strong emotional bonds between individuals, making debt part of a recurring pattern of social interaction, demonstrating that the household economy of the common people is always coexistent with moral values and social relationships (Guerin, 2022).

One of the most defining emotional dynamics in informal debt practices is the "uncomfortable" ethic, or the feeling of reluctance to collect or reject debt requests. Research by Haryono (2019) shows that a culture of shame and a desire to maintain social harmony are the primary mechanisms governing people's actions in the context of debt. People tend to avoid direct debt collection due to concerns about embarrassing the borrower or damaging long-standing social relationships (Syamsuddin, 2020). This phenomenon is important because it demonstrates that economic decisions in informal debt practices are not solely determined by rational logic, but also by feelings, empathy, and social sensitivity stemming from long-standing local values (Haryono, 2019; Helka & Grzyb, 2021). The social relevance of the "uncomfortable" ethic is further strengthened by its influence on community cohesion and social dynamics at the local level.

Previous research has shown that informal debt is managed based on social norms, a sense of moral responsibility, and strong interpersonal relationships (Helka & Grzyb, 2021; Nguyen, 2021). Informal accounting practices within communities are often more influenced by cultural values and social beliefs than by formal administrative rules (Leventis, Tsalavoutas, & Tsoligkas, 2024). In the Indonesian context, spirituality and morality, such as trustworthiness, sincerity, and religious awareness, also influence daily debt recording practices (Mulawarman, 2018; Syamsuddin, 2020; Ermawati, 2024). Research by Rahmawati and Kusdewanti (2021) found that debt recording in small shops is simple and relies heavily on the close social relationships between shop owners and customers. Wildan (2022) also revealed that mental accounting in rural communities is based on spiritual values, not solely on rational economic considerations. However, most literature still views

informal debt from the perspective of social and structural mechanisms, without delving into the depth of individual emotional experiences. Research by Helka and Grzyb (2021) and Nguyen (2021) focuses more on household economics and the role of social networks. Meanwhile, studies by Leventis et al. (2024) and Syamsuddin (2020) emphasize the structural functions of informal communities and institutions. Research by Mulawarman (2018) and Ermawati (2024) also focuses more on spirituality in general economic practices, without specifically exploring emotional experiences such as embarrassment, fear of offending, and the desire to maintain dignity, which are at the heart of people's actions in the context of debt. These emotional dynamics, however, are the most crucial determinants of how people acquire, record, and collect debts, yet they have not been explored phenomenologically. Furthermore, research addressing subjective experiences, embarrassment, and emotional dynamics in debt practices remains very limited. Most quantitative and qualitative studies are still oriented towards economic aspects, thus failing to capture the deeper meaning of informants' experiences (Smith, Flowers, & Larkin, 2019). Few studies have examined how local spiritual and cultural values work together to influence people's financial behavior, particularly in the context of informal debt recording and management (Lestari & Mulawarman, 2025). This gap suggests the need for phenomenological research to view debt as an experience lived, felt, and given meaning by residents, rather than simply as a social pattern observed from the outside.

The urgency of this research is further heightened given that informal debt practices remain a primary source of income for lower-middle-class communities, particularly amidst economic uncertainty and limited access to formal financial institutions (Financial Services Authority, 2023). Social conflicts arising from default or insensitive debt collection often undermine harmony and social cohesion within communities (Royston, 2020). Therefore, a deeper understanding of how the ethics of "uncomfortable" and moral-spiritual values shape debt practices is crucial for formulating more humane policies and interventions based on local wisdom. This research focuses on interpreting residents' experiences related to the ethics of "uncomfortable" in informal debt practices within the local community. This focus includes how residents understand the act of giving and receiving debt as a form of social care, how they negotiate the awkwardness of debt collection, and how moral and spiritual values shape debt recording and management practices. Specifically, this study attempts to capture the inner experiences and narratives of residents directly through a phenomenological approach to explore the deeper meanings of everyday actions that have previously been overlooked in structural studies. The primary objective of this research is to uncover the socio-spiritual meaning of the ethics of "uncomfortable" in informal debt practices in local communities. More specifically, this research aims to understand how emotional experiences and moral values, local culture, and

spirituality shape the process of recording, collecting, and paying off debts in people's daily lives. Using a phenomenological approach, this study seeks to demonstrate how residents balance the need to maintain good relationships with the obligation to repay debts, and how moral emotions serve as a social compass that guides people's economic actions.

The novelty of this research lies in the integration of the concept of "discomfort" as a relational ethics, which is key to understanding informal debt practices within communities. Unlike previous research that primarily views debt as a structural or economic phenomenon (Helka & Grzyb, 2021; Nguyen, 2021; Leventis et al., 2024), this study offers a new approach by reading debt not as a number, but as a lived experience filled with feelings, relationships, and spiritual values. This research also introduces how communities interpret debt through the language of emotion, culture, and spirituality, a topic that has not been widely explored in social accounting and phenomenology literature (Mulawarman, 2018; Syamsuddin, 2020; Wildan, 2022). Thus, this research provides a new perspective that community accounting is humanistic and based on local morality, rather than simply a technical administrative system.

The contribution of this research can be seen from two perspectives. Theoretically, this research enriches the socio-spiritual accounting literature by developing the concepts of relational accountability and moral-emotional debt management, and broadens the understanding of mental accounting concepts in the context of local culture and spirituality (Thaler, 1999; Wildan, 2022; Lestari & Mulawarman, 2025). This research also contributes to the development of a phenomenological approach, specifically Interpretative Phenomenological Analysis (IPA), in the study of community accounting. Practically, the results of this research are expected to benefit shop owners, MSMEs, cooperatives, and microfinance institution managers in designing credit disbursement mechanisms that are more sensitive to social and cultural values. Furthermore, the research findings can provide input for policymakers in developing regulations that support inclusive financial practices based on local wisdom. For education, this research can be used as teaching material in courses on social accounting, business ethics, and people's economics. This study uses the Moral Economy theoretical framework (Thompson, 1971; Scott, 1976) as a grand theory to understand how economic transactions within a community are influenced by social norms, justice, and moral obligations. This theory is relevant to explaining why society prioritizes social relationships and moral values over economic gain in the practice of debt. Furthermore, this study also uses the concept of Social Capital (Putnam, 2000; Bourdieu, 1986) to understand how trust, social networks, and norms of reciprocity shape informal debt practices. The phenomenological approach used in this study is based on Heidegger's (1962) thinking about being-in-the-world and

Schutz's (1967) concept of lifeworld, which allows researchers to understand the experiences of informants in the context of their everyday lifeworld.

## **B. RESEARCH METHODOLOGY**

### **Research Design**

This research employs an interpretive-constructivist paradigm that views social reality as a subjective construct shaped by individual meanings and experiences within their social context (Denzin & Lincoln, 2018). Ontologically, this research believes that the reality of informal debt practices does not exist as objective facts, but rather is shaped through the interpretations, values, and life experiences of those involved. Epistemologically, knowledge about the debt phenomenon can only be understood through an in-depth exploration of the subjective experiences of informants, including the feelings, emotions, and meanings they attach to everyday actions (Smith, Flowers, & Larkin, 2022). This approach was chosen because it aligns with the research objective of exploring the meaning behind social practices imbued with moral, cultural, and spiritual values, which cannot be explained through positivistic or quantitative approaches. This research employs Interpretative Phenomenological Analysis (IPA) as developed by Smith, Flowers, and Larkin (2022). Natural science (IPA) was chosen as the primary approach because this study aims to deeply understand the lived experiences of informants in informal debt-credit practices, including feelings of shame, moral dynamics, and accompanying spiritual considerations. IPA has three main pillars that align with the research focus: (a) phenomenology, which allows researchers to capture the deepest meaning of informants' experiences as they are experienced and lived; (b) hermeneutics, which provides a double hermeneutics framework in which researchers attempt to interpret how informants interpret their own experiences; and (c) idiography, which emphasizes in-depth analysis on a case-by-case basis before conducting cross-case analysis (Smith et al., 2022).

The phenomenological approach in this research is based on Martin Heidegger's (1962) thinking on Dasein or being-in-the-world, which emphasizes that human experience is always embedded in the context of a lifeworld that is rich in meaning and social relations (Schutz, 1967). This philosophical foundation is relevant because informal debt practices cannot be understood apart from the social, cultural, and spiritual context in which informants live and interact daily. Compared to other phenomenological approaches such as Husserl's transcendental phenomenology, which focuses on bracketing and pure essences, the Heideggerian approach through natural science is more appropriate because it recognizes that researchers cannot completely separate themselves from their

own understanding and context, and emphasizes the interpretation of meaning in real-life situations (Smith et al., 2022). This approach is also in line with the interpretive-constructivist paradigm that underlies this research.

### **Research Location and Context**

This research was conducted in Rappocini District, Makassar City, South Sulawesi, focusing on the community in RT 03 and RT 05, Bonto Makkio Village. This location was selected purposively based on the following considerations:

- a. **Social Characteristics:** Communities in this region have strong social ties, with intensive interaction between residents in daily activities such as social gatherings (arisan), religious study groups, and mutual cooperation. The culture of sipakatau (humanizing each other) and sipakainge (reminding each other) is still very much present in community life.
- b. **Economic Characteristics:** The majority of the population works as street vendors, food stall owners, informal laborers, and housewives, with an average monthly income of less than Rp 3,000,000. This makes informal borrowing and lending practices a crucial part of their survival strategies and daily needs.
- c. **Informal Debt Traditions:** The practice of borrowing and lending in shops, between neighbors, and close relatives has been going on for decades and is part of a stable pattern of social interaction. Many residents have long experience as both lenders and borrowers of debt.
- d. **Researcher Accessibility:** Researchers have geographic and social proximity to the community, which allows for natural and continuous participant observation.

A social context that is familiar with emotional closeness and long-term relationships is an important element in understanding the phenomenon of "discomfort" naturally in everyday life.

### **Research Informants**

Informants were selected using purposive sampling with a criterion sampling approach (Patton, 2015), where informants were selected based on specific criteria relevant to the research focus. The informant selection process was carried out in stages, starting with shop owners known to have many customers in debt, then progressing through a snowball sampling technique in which initial informants recommended other informants who had similar experiences and met the research criteria.

Informants were determined through purposive sampling, with the following criteria:

1. Have been involved in informal debt practices as a lender or borrower of debt within a minimum of the last 2 years.
2. Live in the same RT/RW environment as the research community for at least 3 years, so that you have adequate social experience.
3. Have direct and in-depth experience in the phenomenon being studied, including experience in debt collection, debt servicing, late payments, or debt-related conflicts.
4. Active in community social interactions, such as participating in social gatherings, religious studies, or RT/RW activities.
5. Willing to be an informant and provide consent after understanding the objectives and procedures of the research.

This study involved 10 informants from diverse backgrounds to capture a variety of experiences. The number of informants was determined based on the principles of data saturation and the depth of idiographic analysis characteristic of IPA, where 6–10 informants are considered sufficient to achieve optimal depth of analysis (Smith et al., 2022).

**Table 1. Characteristics of Research Informants**

| Code | Pseudonym | Gender | Age | Work                    | Education          | Length of Stay | Role in Debt     |
|------|-----------|--------|-----|-------------------------|--------------------|----------------|------------------|
| I1   | Mrs. Tati | Woman  | 52  | Shop Owner              | SENIOR HIGH SCHOOL | 25 years       | Lender           |
| I2   | Mrs. Wana | Woman  | 48  | Housewife               | JUNIOR HIGH SCHOOL | 20 years       | Receiver & giver |
| I3   | Mrs. Fat  | Woman  | 45  | Housewife               | SENIOR HIGH SCHOOL | 15 years       | Receiver & giver |
| I4   | Mrs. Mila | Woman  | 39  | street vendors          | JUNIOR HIGH SCHOOL | 10 years       | Debtor           |
| I5   | Mrs. Anti | Woman  | 55  | Housewife               | Elementary School  | 30 years       | Giver & receiver |
| I6   | Mrs. Lili | Woman  | 42  | Housewife               | SENIOR HIGH SCHOOL | 18 years       | Debtor           |
| I7   | Mrs. Atti | Woman  | 50  | Housewife               | JUNIOR HIGH SCHOOL | 22 years       | Receiver & giver |
| I8   | Mrs. Irla | Woman  | 47  | Housewife               | Elementary School  | 25 years       | Debtor           |
| I9   | I1 (Male) | Man    | 38  | Construction workers    | JUNIOR HIGH SCHOOL | 8 years        | Receiver & giver |
| I10  | I2 (Male) | Man    | 44  | Motorcycle taxis driver | SENIOR HIGH SCHOOL | 12 years old   | Giver & receiver |

Data saturation was reached in the 8th interview, where the researcher began to find repeated themes and information that no longer generated significant new meaning. To ensure saturation, the researcher continued interviews until the 10th informant to confirm that no new information or themes emerged. The saturation process was determined through repeated readings of the interview transcripts and identifying consistent thematic patterns across each interview, as well as discussions with the supervisor to ensure that the data had reached saturation (Smith et al., 2022).

### **Data collection technique**

Data is collected through:

**In-depth interview** In-depth interviews were conducted using a semi-structured interview guide developed based on the research focus and literature review. The interview guide was flexible and evolved throughout the data collection process to allow for in-depth exploration of informants' experiences (Smith et al., 2022). Interviews lasted 45–90 minutes per informant, conducted in a comfortable setting, such as the informant's home or a shop, to create a friendly atmosphere and encourage openness. The interview process began with general opening questions, such as "What is your experience with debt collection practices in this community?", then progressed to more specific questions related to emotional experiences, "uncomfortable" ethics, debt recording, and spiritual values. The researcher actively probed to explore the informants' experiences in more depth, for example by asking, "Could you tell us in more detail how you feel when you have to collect debts?" or "How do you feel when you have to delay payments?" This probing technique is crucial for achieving the depth of experience that is characteristic of the IPA approach (Smith et al., 2022). All interviews were recorded with the informant's permission and subsequently transcribed verbatim for analysis.

**Participatory observation** Observations were conducted using a moderate participatory observation approach (Spradley, 1980), in which the researcher was involved in several community activities, such as social gatherings (arisan), religious study groups (religious study groups), and neighborhood association (RT/RW) activities, but maintained a researcher-like position. This level of participation allowed the researcher to naturally observe social interactions related to debt-credit practices, including the process of granting debt at stalls, how residents collect debt, and the social dynamics that emerge in everyday conversations. Observations took place over three months (January-March 2025) with a frequency of 2-3 visits per week. Observation data were recorded in field notes that included descriptions of situations, interactions, short dialogues, and the researcher's reflections.

**Documentation** Documentation was conducted by collecting and analyzing simple debt records used by informants, such as small notebooks, scribbles on paper, or calendars used to record customer debts. A total of five debt record documents were collected from two food stall owners and three housewives who recorded family debts. The documentation also included photographs of the food stalls and the community environment (with permission and without directly identifying the informants). The use of documentation aimed to complement interview and observation data and provide a concrete picture of debt recording practices

(Creswell & Poth, 2018). All documents were analyzed by comparing the contents of the notes with the informants' narratives about how they recorded and managed debt.

### **Data Analysis Techniques**

Data analysis was conducted using the Interpretative Phenomenological Analysis (IPA) procedure as described by Smith, Flowers, and Larkin (2022). The analysis process was carried out systematically with the following stages:

1. Repeated reading of transcripts. Researchers repeatedly read the interview transcripts to gain a holistic understanding of the informants' experiences. At this stage, researchers record initial impressions and reflections in the margins of the transcripts as part of the bracketing and reflexivity process.
2. Open coding. Researchers conduct initial notation with three types of notes:
  - a. Descriptive Comments: recording what the informant says explicitly, including experiences, events, and social context.
  - b. Linguistic Comments: paying attention to the use of language, metaphors, tone of voice, repetition of words, and the way the informant conveys experiences.
  - c. Conceptual Comments: notes initial interpretive questions and relationships to relevant theoretical concepts.
3. Developing themes. From the initial notation, researchers identified initial themes that emerged from each case. These themes reflect the meaning of the informant's experience and are written in the form of phrases or short sentences that represent the essence of the data sections.
4. Looking for Relationships Between. Researchers look for relationships, patterns, and connections between the themes that have been identified. Relationships between themes are explored in several ways: (a) abstraction, which is grouping similar themes into higher themes (superordinate themes); (b) subsumption, which is certain themes becoming part of a broader theme; (c) polarization, which is looking at the contrast between themes; and (d) contextualization, which is understanding the themes in the context of the informant's experience as a whole.
5. Subsequent Case Analysis. The researcher repeats steps 1-4 for each informant's case, maintaining the idiographic characteristics of each case. At this stage, the researcher attempts to be open to new themes that may emerge from subsequent cases, rather than simply applying themes from previous cases.
6. Cross-Case Analysis. Researchers conducted cross-case analysis to identify patterns of shared experiences as well as variations in experiences across informants. This stage included: (a) identifying themes that emerged across several cases; (b) identifying relationships between themes across cases; (c) developing a final thematic structure that reflected the essence of the informants' experiences; and (d) writing a narrative of the analysis results supported by informant quotes. This method helped uncover in-depth experiences related to feelings of shame, morality, and spirituality in debt practices.

## Data Validity

Validity is maintained through:

**Member checking.** Member checking was conducted by returning the interview transcripts and a summary of the initial interpretations to the informants for confirmation. This process was carried out in stages: (a) after the interview, the transcripts were sent to the informants to ensure the accuracy of the statements; (b) after the initial analysis, a summary of the main themes was confirmed with 6 of the 10 informants (who could be contacted again) to ensure that the researcher's interpretations were consistent with their experiences. Informants were given the opportunity to provide corrections, clarifications, or additional information. Informant responses were then integrated into the final analysis (Creswell & Poth, 2018).

**Triangulation method**(interviews, observation, documentation). Triangulation was conducted by comparing data from three sources: (a) in-depth interview results; (b) participant observation results; and (c) debt record documentation data. This comparison aimed to ensure consistency of findings and reduce potential bias from a single data collection method (Flick, 2018).

**Thick description.** Researchers provide rich descriptions of the informants' social, cultural, and experiential contexts so that readers can assess the extent to which the research findings can be transferred to other contexts (Lincoln & Guba, 1985). These descriptions include the informants' backgrounds, social settings, interaction dynamics, and the emotional and spiritual nuances that emerge.

**Audit trail and reflexivity.** Researchers create an audit trail that documents the entire research process, including: (a) the research proposal; (b) the interview guide; (c) the interview transcripts; (d) the observation field notes; (e) the collected documents; (f) the analysis and coding notes; (g) the researcher's reflection journal; and (h) the methodological decisions made during the research. This audit trail allows other researchers to track and evaluate the research process (Lincoln & Guba, 1985).

This effort ensures that the findings truly reflect the experiences of the informants.

## Research Ethics

This research was conducted by paying attention to the following ethical research principles:

**Informant Consent.** Each informant was given a written informed consent letter containing: (a) the purpose and procedures of the research; (b) the informant's right to refuse or withdraw at any time without consequence; (c) a guarantee of confidentiality of identity and data; and (d) use of data for research purposes only. Informants who were unable to read were given a complete verbal explanation and asked for documented verbal consent (Creswell & Poth, 2018).

**Confidentiality of Identity and Data.** All informant identities are kept anonymous by consistently using pseudonyms for all informants (I1-I10). Interview recordings, transcripts, and documents are stored on a password-protected device and are accessible only to the researcher and supervisor. The names of the research sites are also disguised to protect community privacy.

**Respect for Cultural and Spiritual Values.** Researchers respect the cultural, social, and spiritual values of the community by: (a) adjusting the time and place of the interview to the informant's comfort; (b) not forcing the informant to answer questions deemed sensitive; (c) maintaining a respectful attitude towards local customs and traditions; and (d) showing appreciation to the informant for their participation without offering any reward that could influence them.

**Protection of Informants.** This study recognizes that experiences related to debt can be a sensitive issue and have the potential to cause embarrassment or discomfort. Therefore, the researcher: (a) established a close and trusting relationship before the interview; (b) provided space for informants to share their experiences at their own pace and in their own way; (c) avoided judgmental questions; and (d) stopped the interview if the informant showed signs of discomfort.

**Data Management and Storage.** Research data are managed by: (a) storing interview recordings and transcripts in encrypted devices; (b) using identification codes to replace real names; (c) limiting data access to researchers and supervisors only; and (d) planning for the deletion of recordings after the research is completed and publication is carried out.

## C. RESEARCH RESULTS AND DISCUSSION

### Research result

Based on the analysis using Interpretative Phenomenological Analysis (IPA) on 10 informants, this study identified four main themes (superordinate themes) that represent the essence of informants' experiences in informal debt practices, namely: (1) Debt as a Moral Relationship and Social Empathy; (2) "Uncomfortable" Ethics as a Social Control Mechanism; (3) Flexible Recording as a Symbol of Trust; and (4) Spirituality as a Moral Regulator of Payment. These four main themes are interrelated and form a complete pattern of experience, where "uncomfortable" ethics becomes the axis that connects the moral, relational, and spiritual dimensions in community debt management practices.

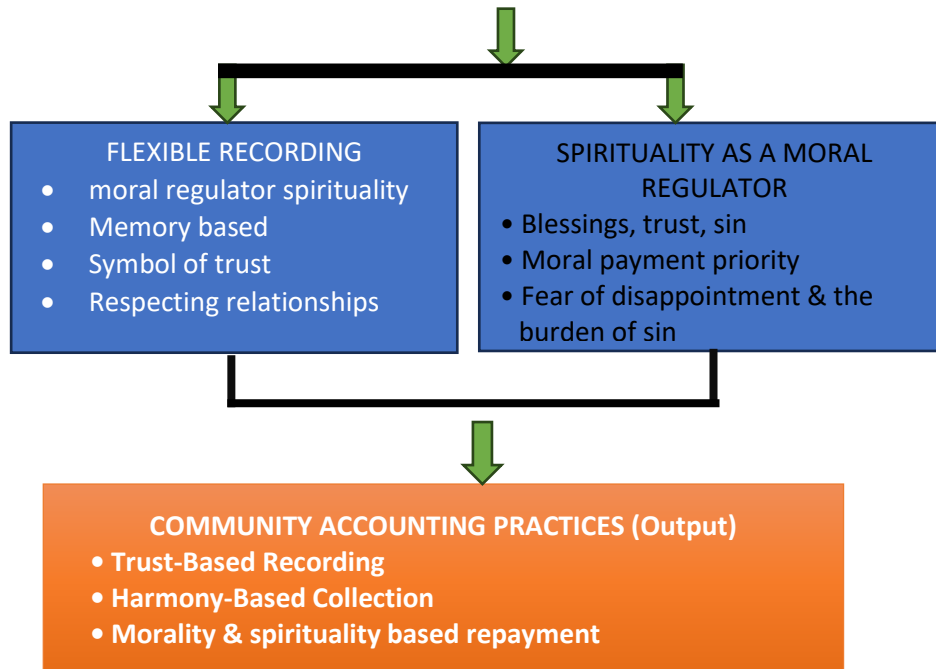
**Table 2. Themes of Science Analysis Results**

| Main Theme                                              | Subtheme                                     | Representative Quotes                                                                                                                                |
|---------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Debt as a Moral Relationship and Social Empathy      | 1.1 Empathy as the basis for granting credit | <i>"It's a shame if he comes to borrow... it looks like he really needs it. Why don't we close our eyes." (I2-Mrs. Wana)</i>                         |
|                                                         | 1.2 Debt as a form of care and solidarity    | <i>"As neighbors, we look after and help each other. If he's in trouble, I'll help him first because it's best to share wealth." (I3-Bu Fat)</i>     |
|                                                         | 1.3 Debt as a symbol of social trust         | <i>"When people choose to borrow from me, it means they trust me. That makes me feel obligated to uphold that good name and trust." (I9-I1 Male)</i> |
| 2. "Uncomfortable" Ethics as a Social Control Mechanism | 2.1 Feeling of reluctance in debt collection | <i>"I don't feel comfortable asking for it... I'm afraid he'll be offended." (I5-Bu Anti)</i>                                                        |

|                                                 |                                                  |                                                                                                                                              |
|-------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
|                                                 | 2.2 Indirect billing strategy                    | "Usually, when he's shopping again, I'll give him a code... no need to say it straight away." (I10-I2 Male)                                  |
|                                                 | 2.3 Delay in billing to maintain harmony         | "When collecting debt, you have to look at the situation... don't embarrass people." (I6-Bu Lili)                                            |
| 3. Flexible Recording as a Symbol of Trust      | 3.1 Simple and informal record keeping           | "I still take notes, but for those close to me, I keep them simple... so as not to offend." (I1-Mrs. Tati)                                   |
|                                                 | 3.2 Memory-based recording for small debts       | "If the amount is small, five thousand or ten thousand, I usually remember it myself." (I8-Mrs. Irla)                                        |
|                                                 | 3.3 Minimum recording as a respect for relations | "If it's too detailed, it gives the impression that we don't believe it... so it's uncomfortable." (I10-I2 Male)                             |
| 4. Spirituality as a Moral Regulator of Payment | 4.1 Blessing as a motive for repayment           | "If I owe my parents, I'll pay them back first... I'm afraid if I keep delaying, my fortune won't be blessed." (I7-Bu Atti)                  |
|                                                 | 4.2 Fear of disappointment as a moral burden     | "If I'm late paying, I'll definitely say... I'm afraid of misunderstandings, and I'm also afraid of being burdened with sin." (I4-Mrs. Mila) |
|                                                 | 4.3 Payment priorities based on moral hierarchy  | "If you're with family, it's relaxed... but you still have to pay." (I3-Bu Fat)                                                              |

Source: Results of Science Analysis, 2025





Source: Conceptual Analysis Results of Research, 2025

This model demonstrates that social empathy and concern are the starting point of all debt practices, which then give rise to an "uncomfortable" ethic as a mechanism of social control. This "uncomfortable" ethic has two branches of influence: first, on debt recording practices, which become flexible and informal as a form of respect for relationships; second, on spirituality, which strengthens payment motivation through religious values. These four dimensions work simultaneously and mutually reinforcingly to shape community accounting practices that are humanistic and based on local values.

#### Analytical Contribution and Research Novelty

Based on the phenomenological analysis above, this research produces several analytical contributions and novelties as follows:

##### 1. *Trust-Based Community Accounting Concept*

This study found that accounting practices in local communities do not operate based on formal administrative systems, but rather on social trust built through long-term interpersonal relationships. This finding extends the concept of community accounting (Gray, 2002; Laughlin, 1990) by showing that in local cultural contexts, accountability is not measured by the accuracy of recording, but by the ability to maintain trust and social harmony. Flexible recording practices, even minimal or memory-based recording, constitute a form of relational accountability in which responsibility is directed more toward maintaining relationships than

administrative certainty. This differs from conventional accounting concepts that emphasize accuracy, verification, and internal control.

### *2 Harmony-Based Collection Concept*

This research develops the concept of harmony-based collection as a unique mechanism within a local community. Unlike conventional collection, which is assertive, structured, and time-bound, collection within this community is conducted through indirect strategies, subtle codes, jokes, and delays, all aimed at protecting the borrower's dignity and maintaining social harmony. This concept expands the understanding of moral economy (Thompson, 1971; Scott, 1976) by demonstrating that the value of social harmony can trump individual economic interests within certain community contexts.

### *3. Strengthening the Concept of Mental Accounting Based on Moral-Spiritual*

This study strengthens and expands the concept of mental accounting (Thaler, 1999) by demonstrating that in local communities, the categorization and prioritization of debt repayment are based not only on economic considerations (such as the amount of debt or interest rate), but also on moral and spiritual hierarchies. Debts to socially and spiritually respected individuals are considered to have a heavier moral burden and should be repaid first, regardless of the nominal amount. This finding aligns with Wildan's (2022) research on spiritual-based mental accounting, but provides a novel contribution by demonstrating that moral hierarchies in local communities are shaped by a combination of factors such as age, social status, relational closeness, and level of religiosity.

### *4. The Relational-Moral-Spiritual Model as a New Perspective*

Overall, this research produces a Relational-Moral-Spiritual Model that offers a new perspective in understanding informal debt practices. This model shows that debt in local communities is not a stand-alone economic phenomenon, but rather a social phenomenon integrated with moral, cultural, and spiritual values. Accounting practices in these communities are humanistic and contextual, where numbers and records are always framed within social relations and human values. These findings make an important contribution to the development of socio-spiritual accounting (Mulawarman, 2018; Kurniawan, 2018; Ermawati, 2024) by empirically demonstrating how local values operate in everyday accounting practices.

## **Discussion**

### ***1. Positioning Findings in the Literature***

The results of this study strengthen and expand the literature on informal debt practices in local communities. The finding that debt is interpreted as a moral relationship based on empathy and solidarity aligns with research by Royston (2020) and Guerin (2022), which states that informal debt operates as a moral relationship that binds individuals within social networks. However, this study makes a new contribution by phenomenologically demonstrating how this empathy emerges and operates in the concrete experiences of informants—namely through direct observation of others' suffering that triggers an almost automatic emotional response and moral obligation. This aspect has not been explored in depth in previous, more descriptive-

structural studies. The finding of the ethics of "uncomfortable" as a mechanism of social control strengthens Haryono's (2019) research on the culture of shame and face-saving in Indonesian communities. However, this study goes beyond Haryono's findings by showing that the ethics of "uncomfortable" is not simply an individual feeling, but has become a social institution structured through specific strategies such as subtle codes, strategic delays, and situational reading. In other words, the ethics of "uncomfortable" in this study is not only a psychological phenomenon, but also a sociological phenomenon that forms an effective social control system in the community.

## **2. Comparison with Different Research**

Unlike the research of Leventis, Tsalavoutas, and Tsoligkas (2024), which highlighted the role of informal institutions in accounting from a structural perspective, this study shows that these informal institutions are sustained and reproduced through emotional experiences and cultural values that are present in the daily lives of the community. Leventis et al. (2024) emphasized the function of informal institutions as complements or substitutes for formal institutions, while this study shows that these informal institutions are not merely complements, but are the main foundation of community accounting practices—even when formal systems are available. This study also differs from Rahmawati and Kusdewanti's (2021) study on the ethnography of debt in a small grocery store. Rahmawati and Kusdewanti focused more on interaction patterns and recording mechanisms, while this study explores the deeper meanings of informants' experiences, including the emotional and spiritual dimensions that shape these practices. For example, this study found that simple recording is not only due to administrative limitations, but also because of the symbolic meaning behind it—namely, as a form of respect for relationships and an expression of trust.

## **3. Contribution to Theory Development**

This research contributes to the development of several theories:

### **3.1 Moral Economy (Thompson, 1971; Scott, 1976)**

This study expands the concept of moral economy by demonstrating that in the context of local communities, morality functions not only as norms governing economic transactions but also as a structure of feeling that shapes individuals' subjective experiences. The findings of empathy as a moral trigger and the ethics of "uncomfortable" as a moral regulator indicate that morality in the community economy is not external or imposed, but is internalized and lived as part of self-identity and social relationships. This is in line with Sayer's (2000) thinking on moral economy, which emphasizes the importance of emotions and values in economic action. However, this study provides more concrete empirical evidence from the context of local Indonesian communities.

### **3.2 Social Capital (Putnam, 2000; Bourdieu, 1986)**

This research enriches the concept of social capital by demonstrating that social trust is not simply capital used to achieve economic goals, but is also an end in itself that is maintained and nurtured through specific practices. Flexible record-keeping, indirect billing, and moral-based payment priorities all aim to foster

trust and social capital, even when they conflict with short-term economic interests. These findings suggest that in local communities, social capital has intrinsic value that goes beyond its instrumental value.

### 3.3 Mental Accounting (Thaler, 1999)

This study expands the concept of mental accounting by integrating spiritual and moral dimensions. Thaler (1999) explains that individuals categorize and evaluate financial transactions into different mental accounts based on their source and use. This study shows that in local communities, mental accounts are differentiated not only by source and use but also by social relationships and spiritual values. Debts to parents or religious figures are placed in a different mental account—with a heavier moral weight—than debts to peers or close family. These findings reinforce research by Wildan (2022) on spiritual-based mental accounting and Lestari & Mulawarman (2025) on emotion-based mental accounting, but provide a new contribution by demonstrating the specific mechanisms by which moral and spiritual hierarchies influence payment priorities.

## 4. Practical Implications

The findings of this study have several practical implications:

### 4.1 For Stall Owners and MSMEs

This research shows that successful debt management in a community is determined not only by a good record-keeping system, but also by the ability to maintain social relationships and trust. Stall owners and MSMEs can adopt a relational-based recording approach that takes into account social proximity and local values, without sacrificing accountability. For example, using a record-keeping system that remains in place but is presented in a subtle and discreet manner, such as a notebook seen only by the stall owner or using specific codes.

### 4.2 For Microfinance Institutions and Cooperatives

This research provides insight that local communities are more responsive to approaches that respect social and cultural values. Microfinance institutions and cooperatives can design more humane and contextual collection mechanisms, for example, by using a personalized approach, avoiding public collection, and providing flexible timeframes tailored to the borrower's circumstances. This approach will not only increase repayment rates but also strengthen long-term relationships with customers.

### 4.3 For Policy Makers

This research shows that informal debt practices serve an important social function in communities, particularly as a social safety net for vulnerable groups. Policies that overly restrict or criminalize informal debt practices have the potential to undermine social cohesion and eliminate existing social protection mechanisms. Instead, policies should be designed to strengthen and protect healthy informal debt practices, for example through financial literacy education based on local values, protection against exploitative debt practices, and recognition of the important role of informal debt in the people's economy.

### 4.4 For Accounting Education

This research demonstrates that accounting is not always technical and universal, but can be understood as a contextual and humanistic social practice. These findings can be integrated into courses on social accounting, business ethics, and people's economics to provide a richer understanding of the diversity of accounting practices in society. Students can be encouraged to understand that accounting is not just about numbers, but also about values, relationships, and humanity.

## **5. Research Limitations and Opportunities for Further Research**

This study has several limitations that need to be acknowledged.

- a. First, the study only involved 10 informants in one community in Rappocini District, Makassar City. While this number is sufficient for the IPA approach and has reached saturation, the research findings cannot be generalized to other communities with different socio-cultural characteristics. Future research could expand the scope to communities with different characteristics, such as rural communities, coastal communities, or urban communities with different ethnic backgrounds.
- b. Second, this study focused more on the experiences of informants from the perspective of small-scale lenders and recipients. Future research could explore larger-scale lending practices, such as debt between traders, debt between businesses, or debt practices involving loan sharks and other informal financial institutions.
- c. Third, this study did not deeply explore negative experiences such as conflict, refusal to pay, or debt default, which could provide a more balanced picture of the informal debt phenomenon. Future research could focus on the dark side of informal debt practices to provide a more comprehensive understanding.
- d. Fourth, this study used an interpretive natural science approach. Future research could employ other phenomenological approaches, such as Husserl's descriptive phenomenology or ethnomethodology, to provide different perspectives on the same phenomenon. Furthermore, quantitative research could be conducted to statistically measure the extent to which the factors identified in this study (empathy, ethic of discomfort, spirituality) influence people's financial behavior.

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