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RESEARCH ARTICLE

Barriers to Financial Reporting: The Case of *Asnaf* Entrepreneurs in Pahang, Malaysia

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ABSTRACT

This study investigates the financial reporting challenges faced by *asnaf* entrepreneurs, focusing on key barriers such as time constraints, low financial literacy, reliance on manual record-keeping, and limited access to professional financial services. Through a thematic analysis of qualitative interview data, the research identifies recurring issues that hinder accurate financial record maintenance, which in turn impacts business growth and access to financial support. The findings highlight the need for targeted financial literacy programs, affordable financial advisory services, and the adoption of digital financial tools to address these challenges. The study also discusses implications for policymakers, industry players, and academics, emphasising the importance of interventions that support the financial sustainability of *asnaf* entrepreneurs. Recommendations for future research include expanding the sample size, incorporating quantitative methods, and exploring the long-term impacts of financial literacy initiatives. This study contributes to the goals of SDG 4, SDG 8, and SDG 9 in promoting economic empowerment and sustainable development for *asnaf* entrepreneurs.

Contribution/Originality: This study contributes to the existing literature on the understanding of financial reporting challenges among *asnaf* entrepreneurs and

highlights the need for tailored interventions to boost the overall sustainability and growth prospects of their enterprises.

1. Introduction

Malaysia has consistently prioritised entrepreneurship in its economic policies, from the New Economic Policy (1971-1990) to the New Economic Model (2011-2020). The 12th and 13th Malaysia Plans further strengthen entrepreneurship as a national priority. Many government ministries and agencies have integrated entrepreneurship into their policy frameworks. The establishment of the Ministry of Entrepreneurship Development (MED) in 2018 marks an important step towards creating a conducive entrepreneurship ecosystem. This aligns with the Sustainable Development Goals (SDGs), which emphasise economic, social, and environmental development in urban and rural areas. Realising the importance of entrepreneurship development to the national economy, the government introduced the National Entrepreneurship Policy (DKN) in 2019 as a guide in providing a holistic framework for entrepreneurship development in Malaysia (Ministry of Entrepreneur Development, 2021). Conversely, zakat institutions in Malaysia have joined the bandwagon by drafting various initiatives to develop entrepreneurship among *asnaf* (the poor and needy), ultimately transforming them into successful entrepreneurs.

Entrepreneurship is inherently tied to the creation or extraction of products or services (Ismail et al., 2021). Yet, it also embodies human values like honesty and trust, which are essential for successful business ventures. *Asnaf* entrepreneurs are individuals who have transitioned from poverty to entrepreneurship. They receive not only financial support but also training and courses in entrepreneurship. These individuals are actively involved in the business creation process and assume responsibility for their assigned tasks. Additionally, *asnaf* entrepreneurs benefit from the encouragement and support provided by zakat institutions (Khalil & Saniff, 2022).

In Malaysia, Majlis Agama Islam Negeri Sembilan has pioneered the provision of capital assistance for *asnaf* since 2004. This initiative was later followed by other zakat institutions in Selangor, Wilayah Persekutuan, and Terengganu, which actively developed programs and offered capital assistance. In Pahang, Majlis Ugama Islam Dan Adat Resam Melayu Pahang (MUIP) also provides capital in the form of money or equipment to the *asnaf* group (Meerangani & Azman, 2019). Approximately 201 *asnaf* received capital assistance in 2018 while 705 *asnaf* attended various courses to improve their business skills that were arranged by MUIP in 2019 (Rani et al., 2020). These initiatives stemmed from the fact that many entrepreneurs, including asnaf, are facing challenges in running a business due to a lack of financial literacy (Devi & Rahmiyatun, 2024). Low financially literate business owners are less likely to engage in financial planning, keep accurate financial records, and make informed business decisions.

Many small businesses in Malaysia fail because they do not keep good financial records and receive insufficient help from the government (Tania & Lilik, 2024). Many of them do not possess the knowledge and right tools to manage money. Indrawan and Yaniawati (2016), Topimin and Mohd. Hashim (2020) found that many small business owners, including *asnaf*, often struggle with financial reporting due to their low education levels, lack of understanding of accounting standards, and limited guidance on how to prepare financial reports.

To date, limited research has looked on the financial reporting practice and challenges among *asnaf* entrepreneurs in Malaysia. Socio-economic factors, such as financial literacy, access to financial resources, and government support, are crucial in shaping these practices. *Asnaf* entrepreneurs with low financial literacy and limited access to accounting tools often portray inadequate financial reporting practices, adversely affecting the sustainability of their businesses (Topimin & Mohd. Hashim, 2020). Therefore, this study aims to investigate the financial reporting challenges faced by *asnaf* entrepreneurs.

2. Literature Review

2.1. Financial Report

Financial statements and reports are essential for microbusiness movements as they help in decision-making, lend knowledge to the financial health of the business, and assess its sustainability. More emphasis should be placed on the importance of financial reports for management and strategic planning as they provide information on revenue, expenses, profitability, and cash flow. According to Muhajirin (2020), financial reports are essential for economic agents, especially Micro- Small Medium Enterprises owners, as written evidence of the company's financial condition. This data helps business owners and their managerial staff to make better decisions regarding investments, cost management, and resource allocation. Micro enterprises that do not keep proper books of accounts may fail to see business expansion opportunities due to inaccurate financial reporting, which may result in financial struggles.

Furthermore, financial reports are vital for making finance more accessible. Liu et al. (2022) examined how small and micro businesses can communicate more effectively with formal financial institutions by having better financial knowledge, which will increase their chances of getting loans and investments. Lenders frequently need thorough financial records to determine a business's viability and creditworthiness. Conversely, having properly prepared financial statements can greatly increase a micro enterprise's ability to secure funding for expansion or daily operations.

A number of scholars also advocate the strong relationship between sustainability and financial management techniques in micro-enterprises. According to Milenia and Amalia (2023), many entrepreneurs do not possess the necessary knowledge or experience to handle their finances efficiently, thus impeding their company's ability to develop and remain competitive. Through financial reports, micro-enterprises can track their financial performance over time, identify trends, and modify their company plans as needed. Sustainability over the long run depends on this proactive approach to financial management.

2.2. The Importance of Financial Reporting for *Asnaf* Entrepreneurs

Financial reporting plays a critical role in the success and sustainability of micro-enterprises, particularly for marginalised groups like *asnaf* entrepreneurs. Many of them lack formal education in business management and finance, which can hinder their ability to make informed decisions (Joremi et al., 2023). Through precise record-keeping, these business owners can have a deeper understanding of their financial situation, including revenue, costs, and profitability. Such understanding is essential for making strategic decisions that can lead to business growth and sustainability. According to Mahmoud et al. (2022), financial literacy can influence entrepreneurs' financial behaviour, especially the ability to manage finances effectively.

Moreover, financial reports are vital for improving access to funding. *Asnaf* entrepreneurs often rely on zakat and other forms of financial assistance to start and grow their businesses. However, they must prove their financial sustainability and investment potential to obtain these funds. Muhammad et al. (2023) believe that the availability of Islamic financing can have a substantial effect on financial well-being. Therefore, to increase their chances of obtaining necessary funding, *asnaf* entrepreneurs might use well-prepared financial reports as a tool to present their business cases to zakat institutions or potential investors.

Financial reporting can also improve accountability and transparency, both of which are essential for gaining the trust of donors and financial institutions. Khalil and Saniff (2023) pointed out that like venture capital, the allocation of zakat funds necessitates a thorough understanding of how funds are utilised and their impact on company success. *Asnaf* enterprises may obtain financial support more easily if they can demonstrate such transparency through accurate financial reporting.

Asnaf entrepreneurs usually operate in challenging environments with limited resources. Through a consistent review of their financial reports, *asnaf* entrepreneurs can identify trends, manage cash flow, and make sound decisions that support their long-term sustainability. *Asnaf* enterprises may better navigate economic challenges and adjust their strategy by having a thorough knowledge of financial measures (Hamid et al., 2024). Financial reporting also makes it easier to assess how well a company is performing in relation to its objectives. To become independent from zakat assistance and eventually become zakat payers themselves, *asnaf* entrepreneurs require effective financial management practices (Ismail et al., 2023). The change in mindset is essential for ending the cycle of poverty and promoting community economic empowerment.

2.3. Challenges Faced by *Asnaf* Entrepreneurs in Preparing Financial Report

Asnaf entrepreneurs may face several challenges in preparing financial reports, potentially hindering the growth and long-term sustainability of their enterprise. These challenges are caused by a combination of factors, including their specific socioeconomic setting, lack of financial knowledge, and inadequate access to resources. The lack of financial knowledge poses a major obstacle for *asnaf* entrepreneurs. Many of them do not possess the necessary skills and knowledge to prepare proper financial reports. This weakness may result in poor financial management, ultimately impacting the performance of their company (Erhomosele & Oluchi, 2022).

According to Erhomosele and Oluchi (2022), financial literacy includes the knowledge and ability to read financial statements, handle money wisely, and understand financial concepts. *Asnaf* entrepreneurs who lack financial literacy may find it difficult to comprehend their financial accounts, which is essential for making well-informed decisions (Dahmen, & Rodríguez, 14). This gap in knowledge can prevent them from appreciating the significance of financial reporting and its importance to their company's success. Many entrepreneurs do not possess the skills necessary to efficiently prepare financial reports, which can lead to time-consuming errors and revisions. This lack of proficiency can create a cycle where entrepreneurs spend excessive time correcting mistakes instead of focusing on strategic planning and growth (Obi-Anike et al., 2023).

The need for training and support in financial literacy is critical, yet often overlooked due to the immediate demands of running a business (Dalal & Habib, 2023).

Research shows that many entrepreneurs cannot afford financial consultants or accountants, forcing them to handle financial management on their own (Salleh & Johari, 2022). This often leads to inaccurate financial reporting and missed growth opportunities. Additionally, the lack of affordable advisory services creates a significant barrier for entrepreneurs seeking to formalise their businesses or apply for government grants and loans (Ismail, 2021). The lack of mentorship and ongoing education further compounds the challenges faced by *asnaf* entrepreneurs who frequently lack adequate guidance on how to compile financial reports that meet certain requirements (Wahyuni & Sutomo, 2021). This gap in training not only affects their reporting capabilities but also their business performance.

Furthermore, time constraints significantly hinder *asnaf* entrepreneurs in preparing financial reports, primarily due to the multifaceted nature of their business operations and the limited resources at their disposal. *Asnaf* entrepreneurs often juggle multiple responsibilities, including managing day-to-day operations, customer relations, and marketing efforts, which leaves them with insufficient time to focus on financial reporting tasks. This situation is exacerbated by the fact that many *asnaf* entrepreneurs are also engaged in other jobs or family obligations, further stretching their available time (Joremi et al., 2023). The urgency to generate immediate revenue can lead *asnaf* entrepreneurs to prioritise operational tasks over financial reporting. Such focus on short-term survival often results in neglecting the systematic documentation and analysis of financial data, which is essential for preparing accurate financial reports.

In summary, the existing literature highlights significant challenges in financial reporting among micro-enterprises, particularly those run by marginalised groups such as *asnaf* entrepreneurs. The recurring themes highlight the key issues of low financial literacy, reliance on manual record-keeping, time constraints, and lack of access to professional services. While there is growing recognition of the importance of financial literacy and digital financial tools, more targeted research is needed to address the unique challenges faced by *asnaf* entrepreneurs. This study seeks to fill that gap by exploring these challenges and proposing practical solutions to improve financial management practices in micro-enterprises.

3. Research Methods

This research utilised a qualitative research design to examine the financial reporting challenges encountered by *asnaf* entrepreneurs. A thematic analysis was conducted to identify the major themes pertaining to financial literacy, time management, manual record-keeping, and access to financial services. The following sections outline the research methodology employed for gathering and analysing the data.

3.1. Research Design

A qualitative research method was employed to obtain a comprehensive understanding of the experiences of *asnaf* entrepreneurs. This approach facilitated a thorough and nuanced exploration of their difficulties related to financial reporting, which quantitative methods could not adequately address. Thematic analysis was used to uncover patterns and themes from the interview data, offering insights into the common challenges encountered by these entrepreneurs.

3.2. Participants

The research focused on *asnaf* entrepreneurs who are defined as individuals receiving financial assistance under the *asnaf* category and are engaged in micro enterprises in Malaysia. A total of six *asnaf* entrepreneurs were chosen using purposive sampling, ensuring that the participants had firsthand experience in managing their financial records. These participants came from various business sectors, such as food services, retail, and traditional trades, to reflect a broad spectrum of financial management experiences.

3.3. Data Collection

A semi-structured interview was held with each participant to collect qualitative information regarding their financial reporting practices. The interview was structured to be open-ended, enabling the participants to elaborate on their challenges extensively. The topics discussed included their comprehension of financial record-keeping, time limitations, availability of professional financial services, and utilisation of digital financial tools. Each session lasted between 30 and 45 minutes and was recorded with the participants' consent.

3.4. Data Analysis

The interview data was analysed using thematic analysis. Once the transcription was completed, the data was thoroughly read multiple times to pinpoint common patterns and themes. Significant themes, including gaps in financial literacy, reliance on manual record-keeping, and time limitations, were recognised and sorted into categories. The coding process was conducted by hand, which provided the flexibility to uncover subtle themes that emerged from the data. The goal of the analysis was to gain insight into the fundamental factors contributing to the financial reporting difficulties experienced by the participants.

3.5. Ethical Considerations

Approval from the appropriate institutional review board was secured before the commencement of data collection. All participants provided informed consent and were guaranteed anonymity and confidentiality of their responses. They were made aware of their right to exit the study at any moment. All data was stored securely with access limited to the research team.

4. Results

Table 1 shows the demographic profile of six *asnaf* entrepreneurs (AEs) in this study who were all zakat recipients under Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP). The demographic data presents the entrepreneurs' gender, age, business type, and duration of their business operation. These *asnaf* entrepreneurs were actively involved in their businesses, which included various food-related enterprises like bakery products, fried bananas and beverages, *keropok* (traditional crackers), and general food outlets. The participants consisted of five females and one male whose ages ranged between 31 to 50 years old, reflecting an age diversity and a broad range in terms of business background. The business type was strongly skewed to food, a sector with normally lower barriers of entry and more availability to local markets. The participants also had a wide range of experience with the shortest and longest business durations were 2 years and 11 years, respectively.

The interviews revealed several key themes regarding the financial record-keeping practices of *asnaf* entrepreneurs. While there is a general understanding of financial management principles, most participants indicated that they faced significant barriers to proper record-keeping. These obstacles primarily stem from time constraints, lack of external support, and reliance on manual methods.

Table 1: Demographic Background of *Asnaf* Entrepreneurs Involved in the Study

Respondent ID	Gender	Age	Business Type	Duration of Business (Years)
AE 1	Female	31	Bakery	6
AE 2	Female	37	Fried bananas + beverages	5
AE 3	Female	50	*Keropok* (traditional crackers)	2
AE 4	Female	43	General food outlet	6
AE 5	Male	43	Fried bananas + beverages	11
AE 6	Female	39	Food (Cake & Pastry)	6

4.1. Lack of External Assistance

When asked whether they had received any help with financial records, both AE5 and AE4 responded that they had never received assistance. AE5, in particular, highlighted that they handle all cash flow tracking alone. The interview results found that the participants only answered briefly to the question "Have you ever received help in making financial records?"

> *AE4: "No, I haven't."*
>
> *AE5: "No, I've never gotten help from anyone to track my cash flow."*

The lack of external support is a common challenge faced by small entrepreneurs as they often have limited resources to hire professional financial consultants. Past research showed that small business owners frequently manage financial tasks independently due to cost concerns and limited access to expert financial services (Salleh & Johari, 2022). The absence of external help further complicates financial management for these entrepreneurs, making it difficult for them to maintain accurate records.

4.2. Time Constraints

Time was identified as a major issue by AE4 and AE2 who both acknowledged their understanding of financial records but emphasised that they simply did not have the time to keep comprehensive records.

AE 2: "It's really time-consuming. I just don't have enough time to keep track of all the costs and sales. Sometimes, I write things down manually, but I'm not very consistent with it."

AE 4: "I'm short on time."

AE 5: "I have a lack of time."

AE 6: "I don't have enough time. I keep track of the cash flow by writing it down in a logbook, but I'm not consistent with it."

These responses align with existing studies that highlight how small business owners often juggle various roles within their enterprises, leaving little room for administrative tasks like financial record-keeping (Hashim & Othman, 2020). The challenge of time management makes it difficult for entrepreneurs to regularly update financial records, leading to gaps in their financial documentation.

4.3. Manual Record-Keeping

AE1 provided more detailed insights, explaining that while they understand cash flow tracking, they still rely on manual methods such as keeping receipts and manually filing bank transactions.

#AE1: "I understand, but the whole financial reporting process is really complicated for me. I just record the cash flow. Money out, money comes in like that. Make it manually. I don't use any software or apps and I don't hire any freelance accountant to make me have financial records because I feel like I can't do it yet. It's just that I have a record of my receipts for the transaction, and manually file the bank transaction from year to year because I intend to create a complete set of financial records and possibly qualify for a grant from the Department of Agriculture or FAMA".

AE 1 described the financial reporting process as "complicated." This complexity is compounded by the fact that she managed all her financial reporting manually, which a labour-intensive process that involved collecting receipts and invoices on an annual basis. Manual financial reporting is often time-consuming and prone to errors, as seen in other micro-entrepreneurship settings, where a lack of digital tools leads to inefficiencies (Ramli et al., 2023). Some researchers highlighted that small businesses that continue to use manual methods often face inefficiencies, which hinder their ability to scale and make informed financial decisions (Ramli et al., 2023). AE1's long-term goal of building a complete set of financial records to qualify for grants underscores the importance of proper financial documentation, yet the manual nature of the process is a significant limitation.
Financial Literacy

AE2 mentioned that they had learned about financial records in school, suggesting some level of formal education in financial management. However, this knowledge is not consistently applied due to time constraints.

AE2: "I learned how to do it back in school."

AE 3: "I don't really understand all the financial terms. I depend on my son to help me record the cash flow."

The gap between understanding financial records and maintaining them in practice reflects a broader issue of financial literacy among micro-entrepreneurs. Even with some basic financial knowledge, many entrepreneurs lack the ongoing support and tools necessary to apply their knowledge effectively (Ismail, 2021).

The interviews demonstrate that while *asnaf* entrepreneurs have a basic understanding of financial record-keeping, significant challenges like time constraints, lack of support, and reliance on manual methods hinder their ability to maintain accurate financial records. These findings suggest that interventions focused on providing affordable financial services, training, and accessible digital tools could alleviate some of these challenges. Furthermore, addressing the time management issues faced by these entrepreneurs may involve streamlining their administrative tasks through technology, allowing them to focus more on the growth and sustainability of their businesses.

5. Discussion

Numerous challenges are faced by *asnaf* entrepreneurs in preparing financial reports, whether in terms of individual or systemic barriers. These challenges prevent them from maintaining the sustainability of their business by preparing accurate and comprehensive financial documents. Table 2 presents the key challenges faced by *asnaf* entrepreneurs in preparing financial reports.

Table 2: Key Challenges Faced by *Asnaf* Entrepreneurs in Preparing Financial Reports

Responses	Participants' ID	Citation/References
Complicated	AE1	Nkwinika and Akinrinde (2023), Sajiah et al. (2021)
Time constraint	All participants	Chunera (2020)
Unfamiliar with the financial term	AE3	Ikram, Wan and Rikinorhakis (2022)
Cannot afford to hire a financial consultant service	AE1	Hoang-Tien (2019)
Lack of technology skills	AE3	Bhaskar, Girivasuki and Kumar (2022)
Do not have future planning for growth	AE2, AE3, AE4, AE5, AE6	Kheladze (2022)

A major challenge faced by all participants is time constraints. All participants were small business owners and were responsible for all aspects of the business, including stock management, marketing, advertising, and operations. In addition, the participants also faced the issue of balancing the dual role performance at home and as a business owner especially for women *asnaf* entrepreneurs (Chunera, 2020). This situation leaves little time for clerical duties like financial recording. The preparation of financial documents can also be time-consuming. Thus, the time constraint issue may force entrepreneurs to use manual methods, which may contribute to errors.

Another challenge, as pointed out by AE1, is the complexity of financial reporting. The financial reporting process is considered overly complicated, especially for those without formal training or expertise in financial management. This finding aligns with previous studies whereby entrepreneurs frequently failed prematurely due to inadequate financial education and training (Nkwinika & Akinrinde, 2023). Entrepreneurs who are well versed in the financial reporting or financial management process will better understand business-related financial matters, which eventually will contribute to the performance of the company. Therefore, entrepreneurs should receive proper training to overcome this obstacle (Sajiah et al., 2021).

Unfamiliarity with financial jargon is another challenge faced by the participants, as identified by AE3. This lack of understanding underscores a broader issue of financial illiteracy, which has been shown to negatively impact small business performance, particularly in financial management and reporting (Ikram et al., 2022). Entrepreneurs who are unfamiliar with basic financial terms may struggle to understand and have a high potential of making errors in the financial reporting process.

Next, the participants also highlighted their inability to afford professional financial services. This issue becomes a barrier for them to prepare financial reporting. The participants believed that it is costly to hire financial experts. This forces them to handle financial tasks on their own, which may lead to inaccuracies in financial reporting and hence should be avoided. Therefore, entrepreneurs should improve their ability to prepare financial reports and closely monitor them for future growth (Hoang-Tien, 2019).

The next challenge highlighted by AE3 is the lack of technological skills, which can be a barrier to effective financial reporting. In today's digital age today, financial reporting can be greatly streamlined by having access to and expertise with financial software. However, many entrepreneurs lack the necessary skills to utilise these tools effectively, forcing them to use inefficient manual processes. The inability to leverage technology not only impedes efficiency but it also limits the ability of entrepreneurs to expand their operations, and thus, the competitiveness of the company will suffer (Bhaskar et al., 2022).

Finally, several participants (AE2, AE3, AE4, AE5, AE6) indicated that they do not have proper planning for business expansion. Limited financial literacy and an emphasis on short-term survival over long-term strategy are contributing factors to this lack of foresight. Such issue hinders them from preparing proper financial documents that are important for the businesses to expand and grow. Entrepreneurs who cannot provide proper financial documents will face difficulties in sustaining their businesses as they may not allocate resources efficiently or anticipate future financial needs. Furthermore, it may hinder potential investments into their business that can contribute to business expansion as lenders and investors typically prefer businesses with clear long-term objectives (Kheladze, 2022).

In summary, *asnaf* entrepreneurs have various interrelated challenges in preparing financial reports, thus leading towards inconsistent and inaccurate financial reporting. Therefore, multifaceted strategies and approaches involving the integration of accessible technological solutions, training in financial literacy, and the supply of affordable financial services are required to solve these problems. This will help *asnaf* entrepreneurs strengthen their financial reporting procedures, increase the sustainability of their companies, and plan for long-term growth.

6. Implication of The Study

The findings of this study suggest that government officials should focus on implementing financial literacy initiatives specifically designed for *asnaf* entrepreneurs to equip them with a better understanding of financial procedures and record-keeping. This can be incorporated into current government programs to ensure access by marginalised communities in accordance with SDG 4: Quality Education. Furthermore, the introduction of subsidised financial advisory services would aid entrepreneurs in maintaining precise records and fostering their business expansion, thereby contributing to SDG 8: Decent Work and Economic Growth.

For stakeholders in the industry, especially those within the financial technology field, there exists a substantial chance to create intuitive digital financial instruments that can facilitate record-keeping for small enterprises. Promoting these tools, potentially through collaborations with government entities or by providing incentives like subsidies, would enhance the efficiency and accessibility of financial management processes. This initiative aligns with SDG 9: Industry, Innovation, and Infrastructure, in promoting innovation to bolster small enterprises.

The study also underscores the necessity for additional research on how financial literacy influences business success and the challenges faced by micro-entrepreneurs in adopting financial technology. Crafting educational interventions that tackle these issues can enhance financial management practices among small enterprises, thus aligning with SDG 4. By investigating these topics, scholars can provide valuable insights for policymaking and contribute to the development of effective, user-friendly financial education resources and tools.

7. Limitations of The Study

Although this study offers important insights into the financial reporting difficulties encountered by *asnaf* entrepreneurs, it does have several limitations. First, the relatively small sample size constrains the generalisability of the findings to the wider *asnaf* entrepreneurial community. Even though the thematic analysis highlights significant issues, other *asnaf* entrepreneurs' experiences might differ, particularly across different regional contexts. Additionally, the study heavily depends on self-reported data from interviews, which may introduce bias or inaccuracies due to possible memory lapses or the inclination of participants to either underreport or exaggerate their challenges. Furthermore, the research centres mainly on qualitative data, which, while providing depth, does not facilitate statistical analysis or the identification of broader trends that could arise from more extensive and varied samples. Finally, the absence of a longitudinal approach indicates that the study fails to reflect how *asnaf* entrepreneurs' financial literacy and reporting practices change over time or in response to policy modifications or interventions.

8. Recommendations for Future Research

To enhance the results of this study, future research should focus on increasing the sample size to encompass a more varied group of *asnaf* entrepreneurs from different regions and sectors. This would improve the applicability of the findings and facilitate a wider comprehension of the financial reporting issues encountered by this demographic. Furthermore, future investigations may integrate quantitative techniques to supplement the qualitative observations and offer a more thorough analysis. Tools like surveys or reviews of financial records can be utilised to collect statistical information regarding the accuracy and consistency of financial reporting practices among diverse entrepreneurs. A longitudinal approach is also beneficial in evaluating how financial literacy initiatives or the use of digital financial tools influence the financial management practices of *asnaf* entrepreneurs over time. Finally, examining the impact of factors such as gender, educational attainment, and type of business on financial reporting challenges would yield a more detailed understanding of the unique requirements of various groups within the *asnaf* entrepreneurial community.

9. Conclusion

The thematic examination of responses from *asnaf* entrepreneurs revealed several significant obstacles to effective financial reporting. The challenges faced by these entrepreneurs are diverse, yet they consistently reflect common themes of time limitations, inadequate financial knowledge, and insufficient access to professional services. A major concern is the entrepreneurs' dependence on manual record-keeping systems, which, along with erratic record management and low financial literacy, worsens the challenges of producing accurate and prompt financial reports. Time limitations present a major obstacle, preventing entrepreneurs from methodically updating and maintaining their financial records. This situation becomes even more challenging due to the limited financial terminology and process understanding among some participants, resulting in their dependence on external help for record management. Moreover, although the manual approach to their financial documentation provides some level of accessibility, it often leads to mistakes and inconsistencies, particularly when affordable professional support or advisory services are lacking. These results highlight the urgent need for initiatives that target both the time management issues and financial knowledge deficiencies encountered by *asnaf* entrepreneurs. Specialised financial training programs, coupled with affordable financial advisory services, can significantly enhance their capability to manage financial reporting more effectively, thereby boosting the overall sustainability and growth prospects of their enterprises.

Ethics Approval and Consent to Participate

The researchers used the research ethics provided by the Research Ethics Committee of Universiti Teknologi MARA (REUiTM). All procedures performed in this study involving human participants were conducted in accordance with the ethical standards of the institutional research committee. Informed consent was obtained from all participants according to the Declaration of Helsinki.

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Conflict of Interest

The authors reported no conflicts of interest for this work and declare that there is no potential conflict of interest with respect to the research, authorship, or publication of this article.

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