

BEYOND BOOKKEEPING: ACCOUNTING CONTROLS, TAX FRICTION, AND INVENTORY TRACEABILITY IN MEDICAL DEVICE TRADING SMES

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Abstract

This study examines how medical device trading SMEs configure accounting practices as practical controls beyond basic bookkeeping. Prior SME accounting research has largely examined bookkeeping adoption, financial reporting, and tax compliance, but less attention has been given to how simple records, invoices, software entries, and stock routines work after adoption as operational controls in documentation-sensitive trading sectors. Using a qualitative multiple-case study, this research investigates three owner-managed medical device trading SMEs in Indonesia through semi-structured interviews, cross-case analysis, and practitioner-observation notes from accounting and tax-administrative assistance. The findings show that the firms assemble minimum viable accounting controls through hybrid recording routines, document-chain verification, physical stock correction, selective use of accounting information, and tax-document discipline. Inventory traceability becomes a practical test of control reliability because similar item names, unit ambiguity, and delayed stock correction can make system records diverge from physical stock. Tax friction also emerges as a central control issue through customer-identity gaps, tax-invoice reluctance, VAT-inclusive pricing pressure, recurring VAT overpayment, and return-document mismatches. The study contributes by shifting SME accounting discussion from adoption to post-adoption control configuration and by explaining how small firms govern transactions, stock, documents, and tax obligations through imperfect but functional routines.

Keywords: accounting controls; inventory traceability; medical device SMEs; minimum viable accounting controls; qualitative multiple-case study

INTRODUCTION

Small and medium-sized enterprises (SMEs) are often discussed in accounting research through the lens of adoption: whether they keep books, use accounting information, apply accounting standards, or comply with tax requirements. This perspective is important, especially in contexts where many small firms still struggle to produce formal records. However, it does not fully capture what happens after basic records, invoices, spreadsheets, and accounting software have already entered daily business routines. The less answered question is how such simple accounting artefacts operate as controls after adoption: how they make transactions visible, discipline stock movement, connect documents, support customer follow-up, and reveal tax-document problems (Lavia Lopez & Hiebl, 2015; Mitchell & Reid, 2000).

This issue is particularly relevant for medical device trading SMEs. These firms operate not only as ordinary small traders, but also as businesses dealing with product variety, supplier documents, customer orders, stock movement, sales invoices, receivables, return claims, and tax-related documentation. Medical devices are also situated in a sector in which product

identification, documentation, and quality-related controls matter more than in generic retail trade (World Health Organization, 2017). In daily operations, a stock record is not merely an accounting entry; it affects whether a customer order can be fulfilled. An invoice is not merely a billing document; it links sales, warehouse release, delivery, settlement, tax identity, and later payment follow-up.

The sector-specific control problem is sharpened by item variety and unit ambiguity. Products may have similar brand names, similar item descriptions, and different units such as pack, box, carton, or ball. A single input error can turn into a stock discrepancy, a delayed order, a disputed return, or a tax-document mismatch. These conditions make accounting routines operationally important even when firms do not yet have sophisticated accounting systems. The practical question is not simply whether the firms keep records, but whether their records can be trusted, reconciled, and used when goods, invoices, customer claims, and tax documents must align.

This article uses the term minimum viable accounting controls to refer to simple accounting-related routines that provide transaction visibility, inventory traceability, document verification, tax-document discipline, and limited decision support under SME resource constraints. These controls may include software entries, spreadsheets, printed invoices, stock opname, warehouse checks, manual notes, due-invoice lists, customer identity records, and owner intervention. Their importance lies not in technical sophistication, but in whether they make daily operations more visible, traceable, and governable.

Prior research on SME management accounting suggests that accounting practices in small firms are often contextual, evolving, and shaped by owner-manager involvement, limited staff, and practical routines rather than by formal system design (Perren & Grant, 2000). Studies on accounting information systems also show that the value of software depends not only on adoption, but also on whether users transform recorded data into useful information for operational and managerial decisions (Al-Hattami, 2024; Ismail, 2009; Urquia Grande et al., 2011). Meanwhile, research on inventory record accuracy indicates that physical stock and system records can diverge even when firms use information systems (DeHoratius & Raman, 2008; Raman et al., 2001). Tax compliance studies further show that documentation requirements may impose disproportionate fixed burdens on small firms (Hansford et al., 2003; OECD, 2015; Pope & Abdul-Jabbar, 2008; Smulders & Stiglingh, 2012).

Against this background, this study asks: How do medical device trading SMEs assemble simple accounting routines into practical controls for inventory traceability, document verification, tax-document discipline, and operational decision use? Rather than treating accounting as a binary matter of adoption or non-adoption, this article views accounting as a set of situated control routines. These routines are assembled from available software, staff practices, documents, owner judgment, and tax-administrative work.

The empirical context consists of three owner-managed medical device trading SMEs in Indonesia. The interviews reveal that all three firms already use some form of accounting or transaction recording. However, the degree of integration differs across cases. One firm uses a developer-provided application for purchases, sales, and stock, but still maintains accounting records through spreadsheets because the accounting module is not yet fully used. Another firm combines manual warehouse records with computerized admin records and relies on multi-copy invoices to coordinate sales, warehouse release, delivery, settlement, and collection. A third firm uses both manual and computerized records, but still corrects system data based on physical stock when discrepancies occur.

This study contributes to SME accounting literature in three ways. First, it shifts attention from accounting adoption to post-adoption control configuration. The relevant issue is not simply whether SMEs have accounting records or software, but how those records operate in daily control. Second, it develops the concept of minimum viable accounting controls to explain how

simple routines can function as operational controls in small firms. Third, it provides empirical evidence from medical device trading SMEs, a context in which inventory traceability, document verification, and tax friction become intertwined in everyday accounting practice.

LITERATURE REVIEW ANALYTICAL PROPOSITIONS

SME Accounting Controls Beyond Adoption

SME accounting research has often focused on whether small firms adopt accounting systems, prepare financial reports, use accounting information, or comply with simplified standards. This adoption-oriented perspective is useful, but it is insufficient for explaining firms that already use invoices, spreadsheets, software, stock records, and sales recaps, while still facing problems in transforming those records into reliable control and decision-support mechanisms (Lavia Lopez & Hiebl, 2015; Sari et al., 2023).

Management accounting in SMEs tends to be context-dependent. Small firms usually have limited staff, direct owner involvement, informal communication, and flexible task allocation. As a result, accounting controls often emerge gradually through repeated routines rather than through formal design (Perren & Grant, 2000). In this sense, simple practices such as matching invoices with incoming goods, checking physical stock against system records, printing due-invoice lists, or using sales recaps to verify customer claims can be interpreted as management accounting routines rather than merely clerical activities.

This article therefore treats accounting as a control practice. The control dimensions used in the analysis are recording controls, verification controls, inventory-traceability controls, decision-use controls, and tax-document controls. Accounting controls in small firms do not need to resemble the formal systems of large corporations. They may operate through basic records, manual verification, software entries, physical documents, and owner judgment. Their value lies in making transactions, stock, cash, customer obligations, and tax documentation more visible and manageable. This position is consistent with the idea that initial or basic management control systems often begin with information-gathering and operational-risk controls before developing into more sophisticated systems (Sandino, 2007). Contingency-based control research also suggests that control design should be read in relation to context, including technology, size, environment, and organizational capacity (Chenhall, 2003).

Post-Adoption Accounting Information Systems and Decision Use

The use of accounting software does not automatically imply effective accounting control. A firm may own or subscribe to a system, yet use only part of its functions. The system may record purchases and sales, but not generate reliable financial statements. It may show stock quantities, but still require physical correction. It may record cash movements, but fail to capture expenses that are not consistently inputted. Therefore, the post-adoption stage deserves closer attention.

In the context of SMEs, accounting information system effectiveness depends on alignment between system capacity, user competence, information needs, and decision routines (Ismail & King, 2007; Ismail, 2009). This distinction is relevant because SMEs may use software for sales and stock while still relying on spreadsheets for accounting. If users understand only transaction-entry features, software remains an operational recording tool rather than a full accounting system. If owner-managers do not use reports for pricing, purchasing, cash planning, or profitability evaluation, accounting information remains underutilized.

For medical device trading SMEs, the difference between having records and using records is central. Accounting information may be strong for checking whether goods exist, whether an invoice is due, or whether a customer has purchased a product before requesting a return, but weak for profitability analysis or strategic pricing. This selective use is consistent with studies showing that financial reporting and AIS practices can support SME performance and decision-

making, but only when information quality and user routines are sufficiently developed (Al-Hattami, 2024; McMahon, 2001; Urquia Grande et al., 2011).

Tax-Document Friction in SMEs

Tax documentation is another pressure shaping SME accounting practices. Small firms often face compliance requirements that demand records of sales, purchases, invoices, customer identities, cash receipts, and supporting documents. Even when simplified accounting standards or reporting regimes exist, documentation still requires time, knowledge, and administrative discipline. In Indonesia, SAK EMKM provides a simplified financial reporting baseline for micro, small, and medium entities, but simplified standards do not automatically make daily records usable for tax reconciliation or operational control (Ikatan Akuntan Indonesia, 2018).

In this study, tax-document friction is positioned as a central empirical theme within the broader accounting-control configuration. This does not mean that participants always articulated tax mechanics in formal tax vocabulary. Rather, tax friction becomes visible in the practical interface between customer identity, invoice preferences, VAT-inclusive pricing, return handling, and reconciliation between commercial documents and tax documents. The researcher's practitioner-observation evidence is therefore used to identify tax-document mechanisms that are not always fully conceptualized by participants, but are embedded in the documents and routines they describe.

This treatment is consistent with SME tax-compliance literature, which emphasizes that compliance costs and documentation burdens are often disproportionately heavy for smaller firms because many compliance activities are fixed or knowledge-intensive (Hansford et al., 2003; OECD, 2015; Pope & Abdul-Jabbar, 2008; Smulders & Stiglingh, 2012). For the present study, tax friction is not treated as a separate tax-law analysis. It is treated as an accounting-control issue: a problem of whether records, invoices, customer data, returns, and VAT documentation can be made consistent enough to support both operations and compliance.

Inventory Traceability and Record Accuracy

Inventory traceability is a central issue for trading SMEs, especially those handling many product types, brands, units, and customer orders. Inventory records are expected to show what goods are available, where they are located, and whether customer orders can be fulfilled. However, prior research on inventory record accuracy shows that system records may diverge from physical stock even in organizations with information systems (DeHoratius & Raman, 2008). Such divergence may arise from input errors, item misidentification, unit confusion, delays in recording, misplaced goods, or weak reconciliation routines.

In medical device trading SMEs, this issue is especially visible. Products may have similar names or brands. Units may differ between packs, boxes, cartons, or bundles. Sales and warehouse staff may interpret quantity differently. If accounting or stock systems are not carefully maintained, a customer order can reveal that the recorded stock is inaccurate. This makes physical stock checks, warehouse verification, and stock opname important control routines. Traceability technologies and standards may improve supply-chain visibility, but their benefits depend on reliable process discipline and data accuracy (Sarac et al., 2010).

Inventory traceability therefore connects accounting with operations. It is not merely a warehouse issue. It affects sales reliability, customer service, purchasing decisions, return handling, tax-document consistency, and the credibility of accounting records. When physical stock repeatedly corrects system records, it indicates that accounting control is functional but incomplete. The system exists, but it is not yet fully trusted as a real-time representation of operational reality.

Analytical Propositions

Consistent with the qualitative multiple-case design, this study formulates analytical propositions rather than statistical hypotheses. These propositions guide the interpretation of how accounting routines operate as practical controls in medical device trading SMEs.

Proposition 1: Accounting controls in medical device trading SMEs operate as hybrid routines combining software, manual records, invoices, spreadsheets, and physical verification.

Proposition 2: Post-adoption accounting control remains partial when software is used for transaction recording but not fully used for financial reporting and managerial decision-making.

Proposition 3: Inventory traceability becomes a practical test of accounting control reliability.

Proposition 4: Accounting information in small medical device trading firms is more likely to support immediate operational decisions than strategic financial analysis.

Proposition 5: Tax-document friction becomes a substantive accounting-control issue when customer identity, tax-invoice requests, VAT-inclusive pricing, input-output VAT imbalance, and return documentation must be reconciled with operational records.

RESEARCH METHODS

Research Design

This study uses a qualitative multiple-case study design. This design is appropriate because the study seeks to understand how accounting controls are configured in real business settings, rather than to measure the statistical relationship between predefined variables. The focus is on practices, routines, documents, roles, and interpretations that shape how accounting moves beyond basic bookkeeping in small medical device trading firms (Yin, 2018).

The unit of analysis is the accounting-control configuration within each SME. This includes the way each firm records purchases, sales, inventory movement, invoices, receivables, customer identity, tax-related information, and operational decisions. The study compares three cases to identify both within-case patterns and cross-case similarities. The purpose is exploratory and analytical rather than statistical generalization (Eisenhardt, 1989; Eisenhardt & Graebner, 2007).

Research Context and Case Selection

The empirical setting consists of three owner-managed SMEs operating in the medical device trading sector in Indonesia. The cases were selected because they represent small trading firms that handle product movement, supplier documents, customer orders, invoices, receivables, tax documentation, and stock monitoring in their daily operations. This context is suitable for examining accounting controls because the firms do not merely sell goods; they must also coordinate purchasing, warehouse handling, sales documentation, payment monitoring, inventory visibility, and tax-administrative requirements.

The three cases are anonymized as Case A, Case B, and Case C. The anonymization protects respondent confidentiality while still allowing comparison across cases. All cases involve medical device trading activities, but their recording routines, stock-checking practices, tax-document conditions, and use of accounting information differ. The case profile is summarized in Table 1.

Table 1. Case profile and dominant accounting-control features

Case	Respondent position	Dominant customer type	Recording system	Inventory control pattern	Tax-document context
Case A	Owner-manager	Pharmacies, hospitals, and online customers	Developer-provided application for purchases, sales, and stock; accounting still maintained through spreadsheets	Stock discrepancies occur; stock opname is performed when records are considered problematic	Transition into taxable entrepreneur status; customer identity discipline becomes more salient
Case	Owner/managerial	Pharmacies	Manual warehouse	Daily transaction-	VAT-inclusive pricing

Case	Respondent position	Dominant customer type	Recording system	Inventory control pattern	Tax-document context
B	respondent	and institutional customers	records plus computerized admin records; multi-copy invoice flow	based checking and full stock opname twice a year	pressure, customer-data inconsistency, and recurring VAT overpayment appear in practitioner-observation evidence
Case C	Owner/managerial respondent	Pharmacies and hospitals	Manual and computerized records used together	Full stock opname approximately twice a year; physical stock corrects records when discrepancies occur	Customer identity inconsistency and tax-invoice reluctance appear in practitioner-observation evidence

Source: Interview data and practitioner-observation notes, processed by the author.

Data Collection

The main data source is semi-structured interview material from three respondents representing three medical device trading SMEs. The available interview transcript records one case-level interview for each firm. The interviews were conducted in Indonesian during the 2026 research preparation period and followed a semi-structured protocol organized around business flow, recording routines, inventory handling, sales, receivables, tax documentation, and decision use. The interviews were transcribed and then translated selectively for presentation in this article. The exact interview duration was not uniformly documented in the transcript file; this limitation is acknowledged in interpreting the depth of evidence.

The analysis also incorporates practitioner-observation notes from the author's professional assistance to the three cases in accounting and tax administration. These observations are used as contextual triangulation, particularly for interpreting tax-document friction. Practitioner-observation evidence is not treated as a substitute for interview evidence. Instead, it is used to interpret mechanisms that were visible in accounting and tax-administrative work but not always fully articulated by participants, such as VAT-inclusive pricing, input-output VAT imbalance, return-document mismatch, and customer tax-identity discipline.

Receivables-related material is included only when it clarifies broader accounting-control routines, such as invoice monitoring, customer documentation, cash visibility, or the linkage between records and operational control. The more specific issue of trade credit governance is reserved for a separate study. The evidence roles are summarized in Table 2.

Table 2. Data sources and role in analysis

Source	Empirical role	Main themes supported	Use limitation
Semi-structured interviews	Primary source of case narratives and operational routines	Recording routines, inventory traceability, invoice flow, decision use, selected tax-document issues	Participants did not always explain tax mechanics in formal terminology
Practitioner-observation notes	Contextual triangulation from accounting and tax-administrative assistance	Customer tax identity, VAT-inclusive pricing, VAT overpayment, return-document mismatch, reconciliation pressure	Used only when linked to case routines and recurring patterns
Selected business-document references	Contextual support for process interpretation	Invoices, stock records, due-invoice lists, tax identity, and return traces	The study does not conduct a full audit of documents

Source: Processed by the author.

Researcher Positionality and Practitioner Observation

The author had professional familiarity with the cases through accounting and tax-administrative assistance. This position provided access to tax-document frictions that were not always fully articulated by participants, especially issues related to customer tax identity, tax-invoice requests, VAT-inclusive pricing, recurring VAT overpayment, and return documentation. In qualitative case research, such positionality can be analytically useful because it allows the researcher to observe practice-level tensions that participants may experience operationally but not name conceptually.

At the same time, this position creates a risk of interpretive overreach. To reduce this risk, practitioner-observation evidence was used with three safeguards. First, tax-related claims were linked to interview accounts, document flows, or recurring cross-case patterns. Second, the analysis distinguishes between interview evidence and practitioner-observation evidence when discussing tax friction. Third, the article avoids treating practitioner observations as a compliance audit. They are used to interpret accounting-control mechanisms, not to evaluate legal correctness or taxpayer fault.

Data Analysis

The analysis was conducted manually through three stages. First, the transcript was read to identify segments related to recording controls, verification controls, inventory traceability, tax-related documentation, decision use, and operational constraints. The first-order coding retained the respondents' operational language as much as possible, such as system input, physical invoice, stock opname, lock order, and price markup.

Second, within-case analysis was conducted for each SME. Case A was analyzed in terms of partial software use, spreadsheet-based accounting, stock discrepancy, and transition into stronger tax identity discipline. Case B was analyzed in terms of manual-system hybrid recording, five-copy invoice flow, daily transaction checking, operational use of recaps, and VAT-document friction. Case C was analyzed in terms of manual and computerized records, physical correction of stock, simple markup pricing, and customer-document limitations.

Third, cross-case analysis was used to identify recurring patterns across the three cases. The analysis compared whether similar control mechanisms appeared across firms, whether each mechanism operated differently, and what those differences revealed about post-adoption accounting control. The cross-case analysis generated five major empirical themes: hybrid recording routines, inventory traceability gaps, practical verification controls, selective decision use, and tax-document friction. The coding structure is summarized in Table 3.

Table 3. Coding structure used in the analysis

Aggregate dimension	Second-order theme	First-order evidence	Illustrative evidence
Recording controls	Hybrid recording routines	Software entries, spreadsheets, manual notes, physical invoices, admin input, warehouse records	Case A used an application for purchase, sales, and stock, but accounting was still maintained in spreadsheets.
Verification controls	Practical matching routines	Supplier invoice checks, warehouse confirmation, invoice copies, weekly due-invoice matching	Case B used a five-copy invoice flow to connect admin, warehouse, delivery, customer documentation, and collection.
Inventory traceability	Physical-system mismatch	Stock discrepancies, item-name confusion, unit confusion, stock opname, record correction	Case A reported discrepancies caused by similar item names and unit confusion; Case C corrected records based on physical stock.
Decision use	Selective operational use	Pricing based on market/cost, recaps for return claims, desire for better financial reports	Case B used recaps to justify price changes and verify return claims; Case A wanted reports to know whether the business was profitable.
Tax-document	Tax-document	Incomplete customer tax	Interview data show customer identity

Aggregate dimension	Second-order theme	First-order evidence	Illustrative evidence
friction	friction	identity, tax-invoice reluctance, VAT-inclusive pricing pressure, recurring VAT overpayment, return-document mismatch	problems; practitioner-observation notes reveal VAT and return-document frictions.

Source: Interview data and practitioner-observation notes, processed by the author.

Trustworthiness

Several steps were taken to strengthen the trustworthiness of the analysis. First, the study used cross-case comparison rather than relying on a single case narrative. Second, the analysis retained the distinction between empirical evidence and interpretation. Third, the coding structure was linked to the interview protocol, interview transcript, practitioner-observation notes, and literature on SME management accounting, accounting information systems, inventory record accuracy, and tax-document friction.

Fourth, claims about tax friction were kept proportional to the type of evidence. Interview evidence was used for practices participants described directly, while practitioner-observation evidence was used for tax-document mechanisms that became visible through accounting and tax-administrative assistance. Formal member checking was not conducted; however, interpretations were cross-checked against transcript segments, field notes, and cross-case patterns. This restraint is important because qualitative rigor depends not only on what is claimed, but also on what is deliberately not exaggerated (Miles et al., 2014).

RESULTS AND DISCUSSION

Overview of Cross-Case Findings

The findings show that the three medical device trading SMEs already use accounting-related routines in their daily operations. Case A relies on a developer-provided application for purchasing, sales, and stock recording, but accounting still depends on spreadsheets and simple reports. Case B combines manual warehouse recording with computerized admin records and a five-copy invoice flow. Case C uses both manual and computerized records, while physical stock remains the basis for correcting discrepancies. These cases cannot be described as businesses without accounting. The more accurate interpretation is that their accounting practices are functional but incomplete.

Across the cases, accounting operates as an operational control infrastructure. It helps the firms make transactions visible, coordinate admin and warehouse work, support sales documentation, monitor due invoices, verify returns, correct stock discrepancies, and discipline tax documentation. However, accounting has not yet become a fully integrated management information system. In several instances, the firms still rely on physical stock, owner judgment, manual correction, informal routines, and practitioner-supported tax reconciliation to compensate for system limitations. Table 4 summarizes the cross-case findings.

Table 4. Cross-case summary of accounting-control practices

Theme	Case A	Case B	Case C	Cross-case interpretation
Recording routines	Application for purchase, sales, and stock; accounting still in spreadsheets	Manual warehouse record and computerized admin record	Manual and computerized records used together	Accounting control is hybrid rather than fully digital
Inventory traceability	Stock discrepancies discovered when customer orders cannot be fulfilled	Daily transaction checking and full stock opname twice a year	Physical stock is used to correct records	System records require physical discipline
Verification	Supplier invoices and	Multi-copy invoices	Warehouse checks	Verification exists, but is

controls	sales inputs are recorded; due invoices checked weekly	connect admin, warehouse, delivery, customer, and settlement	goods before admin input	practical and document-based
Decision use	Pricing follows market and supplier signals; owner wants better financial reports	Recaps support price communication and return verification	Pricing uses purchase cost plus markup	Accounting supports operational decisions more than strategic analysis
Tax-document friction	Transition into PKP status; customer identity discipline begins to matter	Customer data inconsistency; recurring VAT overpayment; VAT-inclusive pricing pressure	Customer data inconsistency; tax-invoice reluctance	Tax friction is a central accounting-control theme linked to customer identity, VAT pricing, overpayment, and return documentation

Source: Interview data and practitioner-observation notes, processed by the author.

The strongest empirical pillars are hybrid recording routines, inventory traceability gaps, tax-document friction, practical verification controls, and selective decision use. These themes are interdependent. A stock discrepancy may reveal weakness in recording and verification. An invoice flow may support warehouse release, customer documentation, collection, and tax identity. A pricing decision may appear commercial, but becomes tax-relevant when the selling price is treated as VAT-inclusive.

Hybrid Recording Routines: Accounting Exists, but Integration Remains Partial

The first finding is that all three cases rely on hybrid recording routines. Accounting-related work is not performed through a single integrated system. Instead, the firms combine computerized input, manual records, spreadsheets, supplier invoices, sales invoices, warehouse notes, and physical checking.

Case A illustrates partial digitalization. The respondent explained that purchase invoices from suppliers are input into an application. Incoming goods are also entered into the system so that they increase stock records, and sales orders from customers are recorded through the same system. However, the accounting module of the application is not fully used. Although the developer had introduced the accounting features, the respondent admitted that accounting was still handled through spreadsheets.

"There is a system for purchase and sales transactions, but for accounting I still use spreadsheets. The system could actually make monthly financial reports, but I still cannot use that accounting part." (Case A, translated interview excerpt)

This case shows that software adoption does not automatically produce accounting maturity. The firm has moved beyond purely manual bookkeeping, but its system use remains transactional. The system records purchases and sales, but does not yet produce reliable monthly financial reports. The respondent also noted that cash increases shown by the system were not fully reliable because some expenses were not inputted. The issue is therefore not whether the firm has adopted digital recording, but whether the adopted system has become part of a usable accounting-control configuration.

Case B shows a different form of hybrid control. Goods received from suppliers are accompanied by physical invoices, then input into the system by the admin. At the same time, the warehouse keeps a separate record of incoming goods. Sales are processed through computerized invoices, but the invoice system is supported by a multi-copy document flow.

"There are manual and system records. Goods arrive with a physical invoice, then the invoice is input into the system by admin. There are two records: the warehouse records incoming goods, and admin records them by system." (Case B, translated interview excerpt)

Case C also uses both manual and computerized records. Goods arriving at the warehouse are checked against supplier invoices. Once the warehouse confirms that the goods match the invoice, the physical invoice is passed to admin for system input. Sales, whether cash or credit, are recorded in the system and manually. This combination indicates that manual records are not simply leftovers from a pre-digital stage. They remain part of the control architecture because they support confirmation, correction, and accountability.

Across the three cases, the pattern is clear: accounting controls are assembled, not installed. They emerge from the interaction between software, paper documents, staff practices, and physical verification. This supports the literature on SME management accounting routines, which views small-firm accounting as contextual and evolving rather than formally designed from the start. It also supports the idea of minimum viable accounting controls: simple routines can still function as meaningful controls if they make operations visible and governable.

Inventory Traceability as a Control Reliability Test

Inventory traceability is the most visible operational control problem in the data. All cases record stock movement, but all also show some dependence on physical verification. The stock record is useful, but it is not always trusted as a complete representation of reality.

In Case A, stock discrepancies are explicitly acknowledged. The respondent explained that physical stock and system records should be the same, but sometimes they differ. The discrepancy may only become visible when a customer places an order and the warehouse discovers that actual stock is lower than the system suggests.

"It should be the same, but sometimes there is a difference between physical goods and the system record. Sometimes we only know when a customer orders and the warehouse prepares the goods, but the stock is already low." (Case A, translated interview excerpt)

The respondent linked these problems to human error, including confusion between similar product or brand names and mistakes in interpreting quantities, such as treating ten packs as one larger unit.

"The names are many and similar. For example, Safeglove can be read as Sensiglove. Sometimes the quantity is also wrong; a customer orders ten packs, but it is treated as one ball." (Case A, translated interview excerpt)

This evidence shows that inventory traceability is not merely a matter of owning a stock system. The system can record incoming and outgoing goods, but item variety, similar brand names, unit differences, and input mistakes can weaken the reliability of records. In Case A, stock opname is not conducted according to a disciplined schedule. It is performed when the stock condition is considered already problematic. Thus, physical verification works as a corrective response rather than a preventive routine.

Case B appears to have stronger inventory routines. The firm conducts full stock opname twice a year and also performs daily checking linked to purchase and sales invoices. This combination makes Case B more preventive than Case A. Nevertheless, the respondent still acknowledged that discrepancies between physical stock and system records occur. When this happens, the owner becomes directly involved in checking what happened across functional areas, including sales and warehouse.

"The full stock opname is usually twice a year, but every day we also check stock according to the daily sales and purchase invoices." (Case B, translated interview excerpt)

Case C also performs full stock opname approximately every six months. When discrepancies are found between records and physical stock, the firm uses physical stock as the basis for correction. This practice is practical and understandable. However, analytically, it reveals that the system is not always the final authority. Instead, physical stock periodically disciplines accounting records.

"If there is a difference, we use the physical count. The data or record is corrected according to how many items physically exist." (Case C, translated interview excerpt)

These findings align strongly with research on inventory record inaccuracy. The cases show that recorded inventory and physical inventory may diverge even when firms use computerized records. In small trading firms, the problem may be intensified by limited staff, product variety, and reliance on manual input. For medical device trading SMEs, this matters because stock visibility affects sales reliability. If the system says stock exists but the warehouse cannot find enough goods, accounting failure becomes operational failure.

The implication is that inventory traceability is a bridge between accounting and operations. It determines whether accounting records can support customer service, purchasing decisions, return handling, cash planning, and tax-document consistency. In the three cases, inventory records are useful but not self-sufficient. Their reliability depends on matching routines, physical counting, and staff discipline.

Practical Verification Controls: Documents, Warehouse Checks, and Owner Intervention

The third finding concerns verification controls. The firms do not operate highly formalized internal control systems. However, they perform practical verification through invoice matching, warehouse checks, document copies, system input, and owner intervention.

Case B provides the clearest example. Its five-copy invoice flow creates a transaction trail linking sales, warehouse release, delivery, customer documentation, office records, settlement, and collection. The invoice is not just a billing document. It is a coordination device. It authorizes goods to be taken from the warehouse, accompanies delivery, supports customer documentation, and later becomes part of the collection process.

"There are five invoice copies. One white invoice is for settlement; copies two to four are for the office; the fifth blue copy is for the warehouse to release goods." (Case B, translated interview excerpt)

Case C shows a simpler but still meaningful verification routine. Warehouse staff check incoming goods against supplier invoices. Only after the goods are confirmed does the invoice move to admin for system input. This creates a basic separation between physical receipt and administrative recording. Although not formalized as a written internal control procedure, the routine still functions as a control mechanism.

Case A also uses both system records and physical invoices for monitoring. Due invoices can be identified from the system and printed weekly for sales staff to follow up. This shows how accounting records are translated into action. The system is not only an archive; it triggers a routine involving admin and sales.

Owner intervention is another verification mechanism. In Case B, the owner becomes involved when stock discrepancies appear. In Case A, the owner recognizes the limitation of the accounting module and expresses the need for better financial reporting. In Case C, owner involvement appears more strongly in receivable issues, but it still reflects the broader pattern that owner-managed SMEs rely on owner judgment when routines reach their limits. Table 5 summarizes the control routines.

Table 5. Practical verification routines observed across cases

Control routine	Document or record used	Actor involved	Risk reduced
Supplier invoice matching	Supplier invoice and goods received	Warehouse and admin	Wrong item, wrong quantity, unsupported system input
Multi-copy invoice flow	Printed sales invoice copies	Admin, warehouse, delivery, customer, sales/collection	Goods released without trace, missing collection document
Weekly due-invoice list	System record and physical invoice	Admin and sales staff	Late follow-up and weak collection visibility

Control routine	Document or record used	Actor involved	Risk reduced
Stock opname and correction	Physical stock count and stock record	Warehouse, admin, owner	Persistent stock discrepancy and unreliable stock availability
Owner escalation	Case notes, invoice, stock information	Owner-manager	Unresolved discrepancy, difficult customer, decision bottleneck

Source: Interview data, processed by the author.

Selective Decision Use: Operational Value Without Full Managerial Integration

The fourth finding is that accounting information is used selectively. It supports immediate operational decisions more strongly than strategic financial analysis.

Case A shows the clearest decision-use gap. The respondent stated that pricing decisions are not yet based on detailed accounting analysis. Prices are mainly determined by market conditions, competitor prices, and supplier price changes. The owner admitted not yet having enough knowledge and time to study pricing in detail using accounting data. At the same time, the owner wanted better financial reports because, after several years of aggressive purchasing, they still wanted to know whether the business was truly profitable.

"I have not really understood pricing in detail. I usually look at the market and competitors. I have not read detailed data for pricing. I also want financial reports so I know whether I have actually made a profit." (Case A, translated interview excerpt)

This is a crucial finding. It shows that accounting information is desired but not fully operationalized. The owner sees the value of financial reporting, but the firm has not yet developed the capability to produce and use it consistently. This is not a case of accounting irrelevance. It is a case of unrealized accounting potential.

Case B presents stronger operational use of accounting information. The respondent stated that recaps are useful when communicating price increases to customers. If prices rise, the firm can use recorded data to explain the change. Recaps are also useful in handling return claims. If a customer requests a return, the firm can check whether that customer actually purchased the product from them.

"The recaps are influential. When prices increase, we can show the data to customers. For returns, we check the recap to see whether the customer ever bought that item from us." (Case B, translated interview excerpt)

Case C uses a simpler pricing method. Prices are determined by adding a markup of around 20 to 30 percent to purchase cost in typical transactions. The respondent indicated that accounting records are not yet very influential in setting selling prices. This suggests that cost information is present, but not deeply integrated into broader pricing analysis.

"For pricing, we take the purchase price and mark it up around 20 to 30 percent. Accounting records do not really influence selling price yet." (Case C, translated interview excerpt)

Across the cases, accounting information works best when linked to concrete operational tasks: checking stock, confirming invoices, validating returns, monitoring due payments, or responding to price changes. It is weaker as a tool for profitability analysis, product-level margin evaluation, long-term planning, or strategic decision-making.

This pattern supports the post-adoption perspective. The firms have accounting information, but decision use remains partial. Accounting has moved beyond bookkeeping because it supports operational control. However, it has not fully become management accounting because its analytical use remains limited.

Tax-Document Friction as a Central Accounting-Control Theme

Tax-related documentation forms part of the accounting-control environment and appears as a central empirical theme. It is central not because participants always described it in technical tax terms, but because tax documentation repeatedly intersects with customer identity, invoice

practice, pricing, returns, and reconciliation. In this section, the evidence is separated into interview evidence and practitioner-observation evidence to make the evidentiary basis transparent.

Interview evidence first shows that customer identity and invoice documentation were already embedded in transaction routines. Case A explained that before becoming a taxable entrepreneur, the firm did not pay much attention to whether customers were individual or corporate customers. However, the firm still requested pharmacy names and addresses for tax-invoice purposes. This indicates that customer identity discipline was emerging as part of documentation practice.

"Before becoming a taxable entrepreneur, I did not really care whether the customer was an individual or a company. I asked for the pharmacy name and address for the tax invoice." (Case A, translated interview excerpt)

Practitioner-observation evidence further indicates that Case A's transition into taxable entrepreneur status made customer identity, invoice standardization, and documentation routines more salient. As the newest client in the author's professional assistance, Case A was also the most receptive to tax-administrative guidance because of concern about compliance errors. In this sense, tax documentation had a disciplining effect: it required the firm to see customer data, invoice choices, and sales records as part of a formal documentation chain, not merely as transaction notes.

Across the three cases, tax friction appeared through customer-identity problems. Customer data were often incomplete or inconsistent, and some customers were reluctant to provide tax identification numbers or request tax invoices. This condition made tax documentation dependent not only on the seller's internal administrative discipline, but also on the customer's willingness to participate in formal documentation. The tax friction was therefore relational as well as administrative.

In Case B, practitioner-observation evidence indicates that tax friction also appeared as pricing friction. When customers requested tax invoices, the selling price was often treated as VAT-inclusive. In some transactions, the invoice price was similar to non-tax-invoice transactions, which effectively reduced the seller's margin because part of the selling price had to absorb output VAT. At the same time, Case B often experienced recurring VAT overpayment because aggregated output tax invoices were relatively small compared with input VAT. This pattern suggests a gap between operational sales, customer invoice preferences, and formal VAT documentation.

Return transactions created another layer of friction. Operational returns or corrections were not always followed by corresponding tax-invoice adjustments. As a result, commercial correction, inventory movement, and VAT documentation could become misaligned. This finding connects tax friction with the broader issue of accounting control: tax documentation is not separate from bookkeeping, inventory traceability, and invoice discipline, but interacts with all three.

Table 6 summarizes the tax-document evidence and its source basis. The distinction is important. Interview evidence provides the operational language of identity, invoice, and transaction routines. Practitioner-observation evidence provides the tax-administrative interpretation of VAT pricing, overpayment, and return-document mismatch. Together, they show that tax friction is not a detached compliance topic. It is a control problem that sits inside daily accounting practice.

Table 6. Tax-document friction and evidentiary basis

Tax friction element	Interview evidence	Practitioner-observation evidence	Accounting-control implication
Customer identity gaps	Case A described requesting pharmacy names and addresses for tax-invoice purposes	Across cases, customer tax identity was often incomplete or inconsistent	Customer master data become part of accounting control
Tax-invoice reluctance	Participants referred to customer type and invoice practice in operational terms	Some customers were reluctant to provide tax identity or request tax invoices	Tax documentation depends on customer cooperation, not only seller discipline
VAT-inclusive pricing pressure	Pricing was discussed as market-based or cost-plus in interviews	Some tax-invoice sales absorbed VAT within similar selling prices	Tax documentation affects margin visibility and pricing control
Recurring VAT overpayment	Not always articulated by participants as a tax problem	Case B showed recurring input-output VAT imbalance in practitioner observation	Operational sales mix and tax-invoice requests affect tax reporting outcomes
Return-document mismatch	Returns were discussed as operational and customer-verification issues	Commercial returns were not always followed by corresponding tax-invoice correction	Inventory, commercial documents, and tax documents must be reconciled

Source: Interview data and practitioner-observation notes, processed by the author.

Emerging Typology of Minimum Viable Accounting Controls

Based on the cross-case comparison, the observed routines can be grouped into three minimum viable control types. These types are not mutually exclusive. A single firm may combine all three, but the typology helps explain how accounting controls actually operate in small trading firms. They are pragmatic configurations assembled from available tools, staff routines, documents, and owner judgment.

Table 7. Emerging typology of minimum viable accounting controls

Type	Defining feature	Main strength	Main weakness	Dominant case
System-assisted but accounting-incomplete control	Application supports purchase, sales, and stock, but accounting module is not fully used	Improves transaction visibility and creates basic digital records	Financial reporting and expense capture remain incomplete	Case A
Document-chain control	Multi-copy invoices and manual-system records connect sales, warehouse, delivery, customer, and collection	Strong for operational coordination and traceability of goods movement	Depends on disciplined handling of paper documents and staff follow-up	Case B
Physical-correction control	Records exist, but physical stock becomes the final reference when discrepancies occur	Protects operational reality and corrects unreliable records	Signals that system records are not yet fully reliable in real time	Case C and partly all cases

Source: Cross-case analysis, processed by the author.

Discussion: Beyond Bookkeeping as Partial Control Maturity

The findings support the central argument of this article: accounting in medical device trading SMEs has moved beyond basic bookkeeping, but only partially. The firms use accounting-related routines to control purchases, sales, stock, invoices, tax documents, and some customer-related decisions. These routines make operations more visible and manageable. They also help reduce uncertainty in daily transactions.

The first contribution is the post-adoption control perspective. The issue is not that small firms lack accounting. The issue is that accounting is often partial, situated, and unevenly

integrated. Software exists, but accounting modules may not be fully used. Stock records exist, but physical stock may still correct them. Invoices create transaction trails, but they depend on disciplined handling by staff. Recaps support certain operational decisions, but not necessarily strategic financial analysis.

The second contribution concerns inventory traceability. In the cases studied, inventory traceability is not a warehouse issue alone. It is a test of accounting-control reliability. A wrong item name, a wrong quantity unit, or an inaccurate stock record can affect sales, customer trust, return handling, and cash flow. Accounting therefore becomes a practical control language through which the firm sees and governs its stock.

The third contribution is the concept of minimum viable accounting controls. These are simple accounting-related routines that help small firms control operations under resource constraints. They include recording transactions, matching invoices with goods, checking stock, printing due-invoice lists, validating customer claims, correcting records through stock opname, maintaining customer tax identity, and using recaps for operational decisions. Their importance lies not in sophistication, but in functionality.

The fourth contribution concerns tax friction as an accounting-control issue. Tax documentation creates additional friction through customer-identity requirements, tax-invoice reluctance, VAT-inclusive pricing pressure, recurring VAT overpayment, and return-related tax-document gaps. These frictions show that tax is not external to accounting routines. It enters through the same documents, customer records, invoice flows, return processes, and reconciliation practices that organize daily trade.

The findings also refine the role of accounting information systems. Software is useful, but not magical. It becomes valuable only when users understand it, maintain it, and connect it to decision routines. Otherwise, it remains a transaction-entry tool. In the cases studied, the path from bookkeeping to control is underway, but the path from control to full decision support remains unfinished.

CONCLUSION

This study examined how medical device trading SMEs configure accounting practices as practical controls beyond basic bookkeeping. Based on three qualitative cases, the study shows that these firms are not without accounting. They already use software entries, spreadsheets, manual notes, supplier invoices, sales invoices, warehouse checks, stock opname, tax-related documents, and recaps in daily operations. However, these practices remain partially integrated.

The main finding is that accounting in the studied firms functions as a minimum viable control system. It helps make transactions, goods, invoices, customer documents, and selected decisions more visible. Accounting records are used to support purchasing, sales, warehouse release, stock checking, return verification, due-invoice monitoring, tax-document discipline, and limited pricing decisions. Yet the system remains incomplete because accounting modules are not fully used, physical stock still corrects system data, tax documents require additional reconciliation, and financial information is not consistently transformed into managerial analysis.

The study contributes to SME accounting literature by shifting attention from accounting adoption to post-adoption control configuration. The findings suggest that the important question is not only whether SMEs keep records or use software, but how those records and systems are assembled into practical control routines. In small firms, accounting controls may not appear as formal procedures. They may operate through repeated practices involving admin staff, warehouse personnel, salespeople, physical documents, system entries, customer cooperation, tax-administrative work, and owner judgment.

The study also contributes empirically by highlighting inventory traceability and tax-document friction as central control issues in medical device trading SMEs. Stock discrepancies, item-name confusion, unit misinterpretation, and periodic physical correction show that

accounting records are useful but not self-sufficient. Customer tax-identity gaps, tax-invoice reluctance, VAT-inclusive pricing pressure, recurring VAT overpayment, and return-document mismatch show that tax documentation is a practical accounting-control problem, not merely a compliance add-on.

From a practical perspective, the findings suggest a staged improvement agenda. In the short term, SMEs should standardize item names, product units, customer identity fields, invoice numbering, and due-invoice lists. In the medium term, they should formalize stock opname schedules, separate warehouse checking from admin recording, maintain disciplined invoice-copy flows, and consistently input expenses. In the longer term, they should develop simple management reports on gross margin, slow-moving stock, due invoices, cash pressure, VAT position, and return adjustments. These improvements are modest, but they would strengthen the bridge from bookkeeping to control and from control to decision support.

The study has several limitations. First, it is based on three cases, so the findings should be interpreted as exploratory rather than statistically generalizable. Second, the tax-document analysis partly relies on practitioner-observation triangulation. The author's professional involvement may shape access and interpretation; this risk was mitigated through cross-case comparison, source separation, and limiting practitioner observations to accounting-control interpretation rather than legal compliance judgment. Third, the study relies mainly on interview data and contextual document knowledge rather than a full document audit. Further research should include more direct document analysis, such as stock cards, invoices, sales recaps, tax documents, VAT reports, and system screenshots.

Future studies may compare medical device trading SMEs with other regulated or documentation-sensitive trading sectors. They may also examine how accounting-control configurations evolve as firms grow, add staff, adopt more advanced systems, or face stronger tax and regulatory requirements. Such research would help explain how small firms move from basic bookkeeping toward more mature accounting control and decision-support systems.

In conclusion, medical device trading SMEs do not simply keep books. They assemble practical accounting controls from available tools, documents, routines, people, and tax-administrative knowledge. These controls are imperfect, but they matter. They are the small gears through which the firm sees its stock, disciplines its transactions, follows its invoices, manages tax-document friction, and gradually learns whether bookkeeping can become a real instrument of control.

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