

The Role of Digital Accounting in Improving the Business of Micro, Small and Medium Enterprises (MSMEs) Warkop Agam

Berupilihen Br Ginting

Accounting lecturer Politeknik Unggul LP3M, Medan City, North Sumatera Province, Indonesia

Email: berupilihen1234@gmail.com

Abstract

The company's objectives can be effectively carried out by utilizing an information system that has been automated in the company's business activity pattern. Digital transformation in business activities refers to the transformation of the company's financial management in the representation of accounting information systems with the use of digital formats. The use of collaboration in accounting systems and technology can provide business owners with the opportunity to increase efficiency and effectiveness in decision making. In this study, data collection techniques were carried out through literature studies of library materials and in-depth interview methods with micro, small and medium enterprises (MSMEs) of agam warkop in Medan City. The results of interviews and literature studies were analyzed so as to answer research questions, Digital accounting can help improve business performance, Computerized bookkeeping helps in recording inventory and sales records, which greatly helps computerized records, financial reporting with, using digitalization makes it easier for businesses to use financial reports as a decision-making tool.

Keywords: Accounting Digitalization, Financial Reporting



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INTRODUCTION

The development of technology and information science is growing very fast. The development of technology and information science brings technological advances that can facilitate all human activities and can change work patterns in various industrial sectors with the use of computers or computer-based hardware advances in the field of information technology can create artificial intelligence or can be said to be a product of artificial intelligence which was originally created to be able to assist company management supported by the use of computer-based hardware so that it can support. At the time of decision making decision support and expert systems these conditions can be categorized as digitalization or can also be referred to as the digital era (Devira Larasati et al., 2023). Digitization can be defined as the process of converting conventional forms into digital forms according to (Ramadhani et al., 2022). Digitization is the process of translating pieces of information into bits which are the basic units of information in a computerized system so that information can be easily produced, stored, managed and distributed to information users for various purposes. according to (Rohmana, 2023) the use of computerized information systems is a support for companies and various parties to achieve information superiority with the use of speed, flexibility, integrity and accuracy of the information generated.

The company's objectives can be effectively carried out by utilizing an information system that has been automated in the company's business activity pattern. Digital transformation in business activities refers to the transformation of corporate financial management in the representation of accounting information systems with the use of digital formats. The use of collaboration on accounting systems and technology can provide business owners with the opportunity to increase efficiency and effectiveness in decision making. The application of digital accounting is very important for MSMEs in digitizing accounting. This is because

businesses need information with a high level of accuracy to be able to deal with circumstances and unpredictability in competitive markets. the application of accounting digitallization has other benefits that can improve good service to consumers. According to (Fanniar Aurelia et al., 2023) The main factor that affects the development of MSMEs is the fast-growing industrial competition, because of this, MSMEs require proper business planning in making adjustments to the very fast transition in business or technology so as to meet the target boundaries of business performance that have been made previously. This makes it mandatory for MSME owners to have effective methods in activities to increase efficiency and profitability by utilizing technology.

The use of digital accounting technology has the advantage of being able to save labor, time in carrying out accounting activities and also in providing financial information effectively and efficiently according to the company (Ramadhan, 2022)(Fadila et al., 2024). The use of accounting digitization is a business decision, including in businesses that are still in the lower middle scale, but in carrying out accounting records based on digital technology, it is still not often found in businesses that have a lower middle scale or can be known as micro, small and medium enterprises. MSMEs with the application of digital technology in accounting records, having MSMEs can help because the stages of accounting records will be easier without having to apply the complicated stages of the manual accounting cycle to be able to prepare efficient and valid financial reports. The low productivity of MSMEs can be one of the obstacles for MSME owners in developing their business or to achieve a larger economic scale. According to (Evangeulista, 2023)(Fadhila & Mahyudin, 2024) and the inability of MSMEs to apply the use of accounting information in their business activities is the main cause of problems in managing their business which ultimately leads to the failure of business owners to run their business.

The implementation of digital accounting in MSMEs can be one of the tools to anticipate the failure of a business being run because the implementation of digital accounting will be very beneficial for MSME owners to be able to make accounting formations in the form of financial reports that will be used in the decision-making process of evaluating the performance of choosing Seeing the financial position helps tax calculations and can control costs to the production process and fulfillment of requirements in applying for credit The obligation to organize accounting records in micro, small and medium enterprises or MSMEs has been regulated by government regulation number 17 of 2013 article 49 and SME law number 9 of 1995 which contains developments in small and medium enterprises and cooperatives. Government agencies and the accounting community have appealed to the virtues and benefits of recording and organizing accounting records but in reality in Indonesia there are still many business owners who do not understand and they relatively do not have the ability to implement the use of accounting information in managing their business. This shows that there are still many MSME owners who have not implemented and have not carried out the act of making records of their business financial reporting properly and maybe there are still those who have not done it at all and only make books limited to recording their income and expenses. This research was conducted in North Sumatra, Medan city, precisely at agam warkop because the data was obtained based on the SME Cooperative Office of Medan city regarding the application of accounting digitalization in MSMEs in Medan city itself, where the majority of the types of micro small and medium enterprises engaged in food and beverage culinary services, agricultural trade, handicraft production are still relatively low, this can be seen through the report data received.

RESEARCH METHODS

The research method used in this study is a qualitative research method. According to (Moh, 2011) Qualitative research methods are methods that are also known as investigative

methods because research is usually carried out by collecting data by meeting face-to-face and interacting with people at the research location. In this study, data collection techniques were carried out through literature studies of library materials and in-depth interview methods with micro, small and medium enterprises (MSMEs) of agam warkop in Medan City. The results of interviews and literature studies were analyzed so as to answer research questions. Therefore, a qualitative method was chosen in this research. The type of research used is descriptive research. In this study, knowledge and information regarding digital accounting among MSMEs will be described. The data collection method was carried out by literature study and field study on UMKM agam warkop in Medan City. This research uses action research techniques, namely the process of obtaining the results of change and utilizing the results of the changes obtained in the research (Hapsari et al., 2017).

RESEARCH RESULTS AND DISCUSSION

Being an important part in supporting the economy of the Indonesian people, micro, small and medium enterprises (MSMEs) play an important and strategic role, increasing the economy that is able to grow and develop. In the development of MSMEs, digitalization is an important factor that needs to be considered because the development of MSMEs is certainly faster with the use of digitalization, especially in the problem of surviving the increasingly advanced competition of a country, so businesses must keep up with these advances (Rifan, 2023). One of the digitalizations that is very concerned about being applied in running micro, small and medium enterprises (MSMEs) is accounting digitalization, related to the strategic part of running a business, namely making it easier to record financial transactions. The implementation of accounting digitalization is able to make MSMEs improve accuracy, efficiency, customer service, financial access and can make decisions quickly (Anjarwati et al., 2023) (Sri Anjarwati, 2023). Applying digital accounting to micro small and medium enterprises in agam warkop by starting the initial recording of transactions is input into excel, after identification is detected what accounts will be recorded then transferred to the company diary this stage will continue to record the transfer of the general journal paragraph to the ledger until it finds the balance sheet which will be the balance of making financial statements after being adjusted.

The application of digitalization as a recording of financial transactions can increase efficiency in making financial reports on agam warkop. The quality of the financial statements generated in the warkop somewhat after using accounting digitization increases so that the quality of financial statements presents more accurate, credible and effective information. Compared to manual financial reporting made before the implementation of financial records using digitalization, the difference has been felt where financial reports that are done using digitalization present more accurate and fast financial reports, and are able to reduce human errors that occur which are often found in recording manual financial reports, especially in recording costs. Good management in the financial sector can be the basis for advancing a business where the important role of financial bookkeeping can be seen as an evaluation of capital, costs, asset turnover so that it can be used as a decision-making tool for what needs to be evaluated and what needs to be improved so that the business is growing, moreover, financial bookkeeping presents revenue in the current period in which case the company will be able to budget for the next period with high accuracy. Financial information can be used as a guide for pricing, observing market developments, determining costs and others. The more accurate the financial information produced, the more appropriate decision making will be and the information presented by agam warkop can increase the trust of stakeholders. increased competition is also able to be adjusted to the digitalization of accounting because the

information needed can be presented quickly and can make stakeholders quickly take action to improve and develop the business.

Discussion

The information obtained from this research says that digital accounting can help improve business performance, where data in manual *agam warkop* can be made more efficient by using digital archives, besides that fast work also does not require an archive room. And if you want to check past transactions, it can be done easily because it can be accessed directly from the computer. With this digital-based accounting, errors in manual calculations can be reduced, the use of digital-based accounting in government can have a positive impact on the development of MSMEs, including: expanding access to MSME finance, increasing the capacity and capability of MSMEs, and encouraging innovation and collaboration of MSMEs (Putra et al., 2024). Awareness and understanding of technology, availability of skilled human resources, adequate technological infrastructure, and government support and policies have a significant impact on digital accounting in MSMEs. Awareness and understanding of technology, availability of skilled human resources, and adequate infrastructure and government support are proven to increase the adoption of digital accounting, thereby increasing the efficiency and competitiveness of MSMEs (Sriningsih, 2024).

The transformation of rural MSMEs through digital technology and accounting practices plays an important role in driving the growth and sustainability of small businesses in rural areas. By utilizing digital technologies such as e-commerce platforms and social media, MSMEs can expand their market reach and increase the visibility of their products. This allows them to reach a wider range of customers and increase sales potential in a more efficient and affordable way (Hasanah & Al-Qodiri Jember, 2024). Computerized bookkeeping can assist in recording inventory and sales records as well as records of cash receipts per day, this is very helpful with computerized records, easy recording does not require repetitive recording and can check inventory quickly. The implications of the results of this study are input to local governments to increase support for the application of digital accounting in MSMEs by providing training programs, and the participation of other parties such as academics, vendors or consultants is also needed to provide assistance to MSMEs (Aryanto et al., 2023). Implementing simple accounting digital bookkeeping technology, make sure the data to be used is safe and secure. Make sure the technology used has adequate security features (As Sahara et al., 2023).

Recording financial statements using computerized accounting is very effective because bookkeeping is fast, and can be stored safely. Financial reporting using digitalization can make it easier for businesses to use financial reports as a decision-making tool. Digital marketing and accounting applications are important weapons that can be used to improve and strengthen businesses so as to create a competitive advantage equal to or greater than foreign businesses and thus achieve sustainable economic development (Yuniarti et al., 2022). Fintech developers can use these findings to improve financial performance. They can develop easy-to-use and accessible digital tools that enable individuals to manage their finances more effectively, and use data analytics and machine learning to provide personalized financial advice and guidance (Djoewita et al., 2024).

CONCLUSION

Digital accounting can help improve business performance, where data in manual *agam warkop* can be made more efficient by using digital archives, besides that fast work also does not require archive space. And if you want to check past transactions, it can be done easily because it can be accessed directly from the computer. Computerized bookkeeping helps in recording inventory and sales records, which is very helpful for computerized records, easy to

record, does not require repetitive recording and inventory records can be checked quickly by using computerized bookkeeping Effective because bookkeeping is fast and can be stored safely. Financial reporting using digitalization makes it easier for business actors to use financial reports as a decision-making tool.

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