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## The Role Of Accounting Information Systems In Improving Business On Some Micro, Small And Medium Enterprises (Msmes) In Kendari, Indonesia

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**Tuti Dharmawati, Hasbudin, Arifuddin, Nurul Emil Safitri: The Role Of Accounting Information Systems In Improving Business On Some Micro, Small And Medium Enterprises (Msmes) In Kendari, Indonesia- Palarch's Journal Of Archaeology Of Egypt/Egyptology 18(4), ISSN 1567-214x, Keywords: Accounting Information Systems (AIS), Micro, Small and Medium Enterprises, Sales**

### Abstract

This study aims to determine the role of accounting information systems in improving business at several MSMEs in Kendari. This paper is a descriptive analysis with a qualitative approach. Data collection utilizes observation, interview and documentation techniques. The results indicate that the accounting information system can provide an overview of financial information for MSME players, especially in Kendari. Accounting information system allows MSME players to easily make the right business decisions which in result increases business of MSMEs in Kendari, Indonesia.

**Keywords:** *Accounting Information Systems (AIS), Micro, Small and Medium Enterprises, Sales.*

### I. Introduction

Technology in the business field that rapidly increased and is competitive has led to several changes in the business management system. Science and technology, which is growing rapidly, has created the information technology and production processes that are controlled automatically. Digital technology helps MSMEs to innovate, be creative, and establish connections with stakeholders for growth (Poerwanto & Shambodo, 2020). The accounting information system plays an essential role in advancing the business unit. The main role of accounting in a company is to make the financial information in the company widely recognized and known.

The digital accounting reporting system has propagated not only in the large corporate industry, but also reached the level of small companies such as today's MSMEs. In this digital age, technology has become a business necessity, including even in a small scale businesses. Therefore, developing business using accounting software or financial statement applications is a mandatory (Achadiyah, 2019). With accounting applications, micro-businesses can monitor the financial activities of their MSMEs (Amir, 2019).

MSMEs are the most valuable players in Indonesia's economic contribution. The large contribution of MSMEs to the economy and the proliferation of new business establishment will be in vain if they do not have an appropriate going concern (Sanggrama,

2020). The most common problem of MSMEs is insufficient capital. Pricewaterhouse Coopers has conducted a survey on MSMEs, it shows 74% of MSMEs in Indonesia have not got the opportunity to obtain the financing (Wicaksono, 2020; Mulwaty et al., 2020). MSMEs provide enormous business innovations to support their business development, but this does not happen due to the limited capital availability.

There are many MSME players who are hampered from obtaining additional capital from banks and other financial institutions. This is due to their ill-defined accounting system which is one of the requirements for obtaining credit from banks or other financial institutions or KUR funds (Wicaksono, 2020). MSMEs have an important role not only in national economic growth, but can also support local economic growth as currently in Kendari City. According to data from the Southeast Sulawesi Cooperative and MSMEs Office in 2019, Kendari MSMEs was totaled in 14,757 business units. For more details, the description of MSMEs in Kendari is as follows:

Table 1.1 Kendari MSMEs Growth in 2015-2019

No	Year	N (Unit)	Income (IDR)
1	2015	10.605	2.133.156.000.000
2	2016	11.837	2.641.722.000.000
3	2017	13.446	3.195.270.000.000
4	2018	14.685	3.693.613.000.000
5	2019	14.757	3.767.485.260.000

Source: Ministry of Trade, Cooperatives and Small and Medium Enterprises Kendari (2015-2019). (Cooperative trade service and small and medium enterprises, 2019).

It can be concluded that MSMEs in Kendari have increased their business year by year. In 2015, there were 10,605 units with total Income of IDR. 2,133,156,000,000., in 2016 the number of units increased by 11,837 units with a total income of IDR. 2,641,722,000,000., Then in 2017 the number of units also increased, namely by 13,446 units with a total income of IDR. 3,195,270,000,000., In 2018 the number of units increased by 14,685 with total income of IDR. 3,693,613,000,000. Finally, in 2019 the number of units still increased by 14,757 units with total income of IDR. 3,767,485,260,000. The purpose of this study is to further investigate “The Role of Accounting Information Systems in Improving Business (Studies on Several Micro, Small and Medium Enterprises (MSMEs) in Kendari).”

## II. Theoretical Foundation

### A. Accounting information system

The accounting information system is a tract that processes data and transactions as of it can produce helpful information for those who need to plan, control and operate a business (Krismiaji, 2015). It is also defined as a computer-based system designed to transform accounting data into information, which includes transaction processing cycles, information technology users and information system development (Anggadini, 2011).

The accounting information system is a set of resources consisting of humans and modified equipment to process data into information that can be used as a tool for business communication and as a consideration in making business decisions (Hopwood, 2010). It system is a system that starts from the process of collecting, recording, storing, and processing the data into information that can help in the decision-making process (Steinbart, 2017).

Based on those definitions, it can be concluded that this system is a computer-based consisting of several interconnected components. Hence, it produces a financial report containing financial information as material for decision making for interested parties.

### B. Functions and Objectives of Accounting Information Systems

Each accounting information system has the following functions:

1. Collecting and storing the data related to the activities carried out by the organization, resources affected by these activities, so that management and other interested parties can have the review.
2. Process the data into information that can be considered by the management in the decision-making process for planning, implementation and supervision activities.
3. Exercise proper control over organizational assets, including organizational data to ensure that data is available when needed, is accurate and reliable (Steinbart, 2017)

As for the objectives, they are listed as follows:

1. Improvement of Reporting Standards (Information) – The main purpose of this system is to produce high quality accounting information. It must align between one sub systems with another sub system.
2. Clerical Cost Reduction – System analysis players must have an awareness of the consequences that will arise if increased information is carried out, which is signaled by the increased cost of resources to be used. Therefore, cost becomes one of the obstacles in improving the quality of anticipated information.
3. Improved Internal Check / Cross Test – Cross-testing is a must considered factor in designing an accounting information system. The control element must be applied as much as possible as well as a cross-checking mechanism between employees on these business transactions (Lukman, 2016).

### **C. Accounting Information System Components**

The components of the system are as follows:

1. The individual who runs the system
2. The process of collecting, processing and storing data is carried out in accordance with applicable procedures and orders
3. The data of the company and its business activities
4. Processing the data using software
5. Use of information technology equipment such as computers, peripheral devices and communication network circuits
6. AIS use internal controls and security measures to minimize risks in data storage (Steinbart, 2017).

Those explanations allow us to comprehend that AIS holds an essential role in advancing a company. It can do its job more effectively and efficiently so that it can save costs incurred by the company, especially on critical costs. In result, it can increase the company's turnover. In addition, the output produced by AIS can be used as a consideration for management to make business decisions and can also be a source of information for outsiders who need it.

### **D. Micro, Small and Medium Enterprises (MSMEs)**

A micro enterprise is a productive business owned by an individual and / or an individual business entity that meets the criteria for a micro business as regulated in the Law. As referred to in this Law, Small enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or not a branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a medium or large business that meets the business criteria. Meanwhile, medium-sized enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of either directly or indirectly with small or large businesses with total net assets. or annual sales proceeds as regulated in this Law (2008, nd).

Micro, Small and Medium Enterprises can be differentiated based on the following criteria:

1. Micro enterprises have a net worth of at most IDR. 50,000,000 excluding land and buildings for business premises; or have an annual sales result of not more than Rp. 300,000,000.
2. Small business. It has a net worth of more than Rp. 50,000,000 and a maximum of IDR. 500,000,000 not including land and buildings for business premises; or has annual sales of more than IDR. 300,000,000, and approximate maximum of IDR. 2,500,000,000.
3. Medium business. it has a net worth of more than Rp. 500,000,000 and a maximum of IDR. 10,000,000,000 excluding land and buildings for business; or have annual sales of more than IDR. 2,500,000,000, and approximate maximum of IDR. 50,000,000,000 (2008, n.d.).

#### **E. Income**

It is defined as gross inflows of economic benefits arising from the normal activities of the entity during a period if these inflows result in an increase in equity that does not result from the contribution of investors (Indonesia, 2018). Income is the gross inflow of economic benefits arising from the normal activities of the entity during a specified period, if the inflow causes an increase in equity that is not attributable to the investor's contribution. Income has many names such as sales, fees, interest, dividends and royalties (Kieso, 2011).

Martani (2014) also defines it as income that comes from the company's main operating activities, such as selling goods for trading companies or manufacturing companies and providing services for service companies. From those arguments, it can be concluded that income is the gross inflow of the company's main operational activities in a certain period.

The following sources of income are derived from business activities or transactions:

1. Sales of goods
2. Sales of services
3. The use of company assets by other parties that can generate interest, dividends, or royalties (Indonesia, 2018).

It is a series of business activities and related information processing operations that continuously provide goods and services to customers and receive cash as payment for these sales (Steinbart, 2017). There are 4 (four) basic activities in the income cycle as follows:

1. Entry of a sales order –It begins with taking orders from customers. Then the sales department that provides the reports to the vice president of marketing - who normally runs the sales order entry process, but as the customer grows more automatically enters a lot of data through forms in a storefront company website. Activities carried out in the sales order entry activity are taking customer orders, credit approval, checking inventory availability, and responding to customer requests.
2. Shipping –The second basic activity in this cycle is filling customer orders and delivering the requested goods. This process consists of two stages; the first is selecting and packing consumer orders then the second stage, carrying out the process of shipping orders to consumers.
3. Invoice –The third basic activity involves invoicing the customers. This activity involves two separate but closely related tasks: invoicing and updating accounts receivable, which are carried out by two separate units within the accounting department.
4. Receipts –The final step in the cycle is the acceptance and customers payment process. Since cash and customer checks are prone to being stolen, it is important to take appropriate steps to minimize the risk of theft (Steinbart, 2017).

#### **III. Method**

The object under study is the role of accounting information systems in improving business at several MSMEs in Kendari, Southeast Sulawesi. This is a descriptive analysis with a qualitative approach. The data analysis method used was data collection, data reduction, data presentation and data verification. As for the validity, the author uses triangulation.

#### IV. Results and Discussion

##### A. Result

This study selects MSMEs that meet the study criteria, namely MSMEs that use accounting information systems and have used accounting information systems for at least 2 years. Data collection was carried out by making observations, interviews, and documentation to MSME actors in Kendari City. The following are the results of interviews that have been conducted with informants:

Table 4. Informant Response Recapitulation

No	Information	Micro Enterprise		Micro Business		Medium Enterprise	
		Delisha Fashion Store	Lokha Shabby store	Lulo Mart	PT. Satu Tiga Lima Mart	CV. Maju Motor	PT. Azatata Citra
1	Utilized AIS	Computerized	Computerized	Computerized	Computerized	Computerized	Computerized
2	AIS Usage Period	4 years	4 years	2 years	2 years	3 years	5 years
3	AIS Brain-ware	Owner	Owner	The head of the company	Corporate Accountants	Corporate Accountants	Corporate Accountants
4	AIS generated report	Reports on purchases, sales reports, statements of financial position, and income statements.	Purchase reports, sales reports, inventory reports, financial position reports, and income statements.	Inventory reports, income statements, statements of financial position, cash flow reports and reports of changes in capital.	Income Statement, Statement of Financial Position, Trial Balance, Cash Flow Statement, Accounts Receivable and Accounts Receivable Report, and Accounts Payable and Age Report.	Daily / monthly sales reports, financial position reports, income statements, cash flow reports, work sheets and inventory reports.	Cash flow statement, income statement, statement of financial position and statement of changes in equity
5	Use of AIS is helpful / not	Helpful	Helpful	Helpful	Helpful	Helpful	Helpful
6	Costs incurred by	Decreased	Decreased	Decreased	Decreased	Decreased	Decreased

	MSME						
7	MSME Sales	Increased	Increased	Increased	Increased	Increased	Increased
8	MSME Profits	Increased	Increased	Increased	Increased	Increased	Increased
Source: Processed data (2021)							

Utilized AIS by several MSMEs in Kendari is still varied. This means that the applications used by some MSMEs are still based on the level of need, not in the application category specifically in regard with accounting information systems. The period of use of accounting information systems also varied, some have used accounting information systems for 2 years, 3 years, 4 years to 5 years.

The reports produced from utilized AIS by several MSMEs in Kendari also vary, including sales reports, purchase reports, inventory reports, work sheets, income statements, financial position reports, cash flow reports and changes in capital.

The benefits of this system used by some MSMEs provide many benefits for themselves. As in the present study, those MSMEs players implied that the accounting information system provides a clear, up-to-date and accurate picture of financial conditions, which makes it easy for accountants to make corporate financial reports, minimizing the cost of recording notes. This system minimizes calculation errors and makes it easier for users to control costs and business products. AIS increased the number of investors investing because using the resulting financial reporting system was more reliable, clear, and certainly more attractive to investors.

Costs incurred by MSME actors have decreased during using the system. AIS streamlines costs, especially the cost of recording notes to the company. Through this system, providing company financial information so that users can plan and control costs can also be implemented. Costs can be controlled precisely which leads to more efficient company expenses. The sales of MSMEs in Kendari have increased year by year in the use of accounting information systems. By using this system, the owner or management can easily plan and control sales products therefore users can make the right decisions.

The profits of MSMEs have also increased these past years in the use of accounting information systems. AIS help MSME players in controlling sales and controlling costs properly and on time. As of, their income increased over time.

## B. Discussion

### 1. AIS at several MSMEs in Kendari

The accounting information system is a system that starts from the process of collecting, recording, storing, and processing data into information that can help in the decision-making process (Steinbart, 2017). The accounting information system used by several MSME players in Kendari provides feedback for themselves. The use of systems in business financial management provides several benefits for MSME players in Kendari, such as financial data that is more up to date and can be accessed at any time, efficient and effective in making financial reports, avoids calculation errors and can help in making business decisions. Therefore, it can be concluded that the accounting information system can provide an overview of financial information for MSMEs, especially in Kendari.

### 2. Business Improvement at Several MSMEs in Kendari in Using AIS

The use of the MSME accounting information system in Kendari can increase sales. The utilized AIS by MSMEs in Kendari can provide an overview of the financial condition of the business unit. From this system, users can clearly see the number of sales and users. The implementation of the system can provide an overview for users to find out what types of products are sold. Accordingly, it can be used in product control. Also, at that time you can also know the amount of income earned.

### 3. The Role of AIS in Improving Business in Several MSMEs in Kendari

Accounting information systems have an important role in advancing a company. It can do its job more effectively and efficiently so that it can save costs incurred by the company, especially on critical costs, as a result it can increase the company's revenue. In addition, the output produced by this system can be considered for management to make business decisions and can also be a source of information for outsiders who need it.

The accounting information system provides several benefits for MSME players. They can carry out continuous control using AIS. Later, the output of the system can be used as a consideration in making business decisions such as controlling sales products and costs so that business operations can be monitored properly and on time.

The financial reports produced by the system increase the capital of MSMEs in Kendari because the financial reports produced are more accurate and reliable, thus attracting the attention of investors to invest in the company. Then, in the use of the accounting information system, recording costs during the use of the system and other costs incurred by the company can be seen clearly and accurately in the use of the system. By using an accounting information system, MSME players can easily make the right decisions so that their income increases.

The role of this system according to MSME actors is that it can help to control in running their business therefore they can increase sales and minimize costs. In addition, MSME actors argue that accounting information systems using accounting applications are very helpful in making appropriate decisions and planning.

Based on the above discussion, this study is supported by several previous researchers such as researchers (Sinarwati et al., 2019) who conducted study on Micro, Small and Medium Enterprises (MSMEs) in Badung Regency. The results of these studies indicate that mobile-based accounting information systems play a role in improving the performance of Micro, Small and Medium Enterprises in Badung Regency.

Another study conducted by (Achadiyah, 2019) at MSMEs in Malang City with the results of research showing that the implementation of an excel-based accounting automation system makes it easier for MSMEs in Malang to carry out financial management and decision-making processes. The accounting information system provides an overview of the company's financial condition. The result of this study is that the use of accounting information systems can provide an overview of financial information for several MSMEs, especially in Kendari. Thus, making the right decisions can increase business, and can help MSME actors in making plans for further activities.

## **V. Conclusions, Implications, Limitations And Recommendations**

### **A. Conclusion**

Based on the results of research and discussion, it can be concluded that the accounting information system can provide an overview of financial information for MSME players. With the existence of an accounting information system, MSME players can easily make the right business decisions so that the business of MSMEs in Kendari increases.

### **B. Implications**

The implications of this study can be stated as follows:

1. Theoretical Implications  
The results are expected to provide the insight of the AIS in improving business at MSMEs.
2. Practical Implications
  - a) For Researchers. –It is expected that more knowledge about the role of accounting information systems in improving business at MSMEs.
  - b) For the Government. –It is expected that it can provide input for business improvement at MSMEs.
  - c) For Micro, Small and Medium Enterprises (MSMES). –It is expected to describe the role of accounting information systems in improving business.

### C. Limitations

1. The scope of this study is limited to find out the role of accounting information systems in improving business at several MSMEs in Kendari.
2. Difficulties in collecting data and information through interviews with informants due to the busyness of each informant and the problems with the Covid-19 pandemic.

### D. Recommendation

The results of this study suggest that, among others:

1. For Micro, Small and Medium Enterprises (MSMEs). –MSME players need to apply accounting information systems intensively so that they can provide an overview of income from sales continuously.
2. For Further Studies. –For MSMEs the next researcher who wants to do research on MSMEs, we think that they can re-apply it by adding the business capital variable by combining qualitative and quantitative approaches, so that it can be complex and can be used in general.

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