



## APPLICATION OF ACCOUNTING INFORMATION SYSTEMS IN FINANCIAL MANAGEMENT IN CILEGON CITY HOUSEHOLD SMEs

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### Abstract

The application of an accounting information system (SIA) to MSMEs can provide significant benefits in financial management. However, with advances in information and communication technology, more and more SMEs are starting to switch to using an accounting information system (AIS) to simplify their financial management. The use of SIA will help MSMEs to save time and costs spent on financial management, and make it easier to make more informed business decisions because they have easier and faster access to company financial information.

In this study, it was found that SIA can increase the effectiveness, efficiency, and accuracy in storing financial information needed by MSME owners in making decisions. Several other benefits of applying SIA to MSMEs. Overall, the application of SIA to MSMEs can help improve financial management effectively and efficiently, and can provide significant benefits for companies in the long term. However, there are still many MSMEs that experience difficulties in implementing SIA due to limited funds, limited human resources, and a lack of understanding about the benefits of using SIA. Therefore, the government and related institutions need to provide guidance and support to SMEs in terms of developing and implementing an SIA in order to improve the quality and effectiveness of corporate financial management.

**Keywords:** Accounting information system, Micro, Small and Medium Enterprises; Finance; Effective; Efficient

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### INTRODUCTION

In today's era, although there are several factors that make some business owners reluctant to use information technology, the use of information technology can provide many benefits for businesses. In terms of costs, there are currently many information technologies that are affordable and easy for small businesses to use. In addition, there are also many information technology service providers that offer integrated and ready-to-use solutions, so that business owners do not need to have in-depth technology knowledge to use them.

The use of computer-based information technology in small businesses is still limited due to several factors taken into consideration, such as high costs and lack of technological knowledge among business people. However, the use of information technology can provide many benefits for small businesses, such as facilitating the management of financial and operational data, increasing efficiency, and optimizing marketing through digital media.

To overcome the cost problem, small business owners can consider using information technology based on cloud computing which is more economical because it does not require large investments in hardware and software. As for the problem of technological knowledge, small business owners can take part in available training or classes to increase their understanding of information technology. In addition, they can also work with IT experts or consultants to assist them in implementing information technology in their business. Several factors are taken into consideration,

such as high costs, the difficulty of implementing computer-based information technology in small businesses, and the lack of technological knowledge among business people (Onaolapo & Odetayo, 2012).

The accounting system is very important in the financial and business management of a company. In the digital era like now, accounting systems are becoming more efficient and effective with information technology. Computer-based accounting systems can facilitate the process of collecting and processing financial data, thereby making financial reports faster and more accurate. The accounting system is useful when collecting and storing information related to the company's activities as well as being a reliable data that can be used in considering a policy to advance the company (Komala, 2012).

In industry, accounting systems also play an important role in assisting management in making the right business decisions. With well-recorded financial data, management can obtain the information needed to make strategic decisions in developing the company's business, such as determining budgets, managing cash flow, and predicting financial projections. In addition, with an accounting system that is integrated with information technology, companies can manage inventory, sales and purchases efficiently. This will help companies reduce operational costs, increase efficiency, and optimize profits. Therefore, companies must pay attention to the use of a good accounting system that is integrated with information technology to facilitate their financial and business management.

The Accounting Information System (SIA) is a system that is useful in collecting and storing data regarding activities carried out by MSMEs, turning that information into useful data for the owner (Sa'adah & Lasiyono, 2019). Internal control on income and cash disbursement is very important for MSME Banana Chips Residents of Cilegon City. With internal controls, MSME Banana Chips Residents of Cilegon City can reduce the risk of errors occurring in recording and processing financial transactions, thereby increasing the reliability of financial data used to make business decisions. By implementing internal controls on cash income and disbursements, UMKM Banana Chips Cilegon Residents can minimize the risk of errors and fraud in the cash recording and control process, as well as increase the reliability of financial data used to make business decisions.

SIA that is planned and integrated with accounting software can help UMKM Banana Chips Cilegon Residents in overcoming problems with financial records and cash control. Accounting software such as Zahir Accounting can help MSMEs in managing their finances more efficiently and accurately. Because in its development, MSMEs require collaboration with various parties in producing MSMEs that are independent, productive, and highly competitive so that the business becomes a business that is flexible, accountable, and profitable (Arif et al., 2020). In its use, MSMEs also need to ensure that the data entered into the accounting system is correct and in accordance with the facts of the transactions that occur. In addition, MSMEs also need to understand applicable accounting standards to ensure that the financial reports produced are in accordance with correct

accounting principles. By using the right SIA and a good understanding of accounting, UMKM Banana Chips Cilegon Residents can manage their finances more effectively and encourage better business growth.

## **METHOD**

This study uses descriptive qualitative research which aims to describe and understand the phenomena that occur in MSME Banana Chips Residents of Cilegon Tulungagung City related to financial management and the application of accounting information systems. In this study, researchers used interviews as the main instrument to collect data from sources of information related to these SMEs. Based on the main research instrument, the data collection process focuses on one source of information and the inductive analysis is carried out, qualitative results will focus on meaning rather than generalization in this finding (Sugiyono, 2018). Interviews cover everything from observing and documenting a process to evaluating and reporting findings and making conclusions from research objects (Sidiq et al., 2019). The data analysis carried out is inductive analysis, where the qualitative results obtained will be focused on meaning rather than generalization in research findings. Thus, this research can provide a clear and in-depth description of the problems faced by MSME Banana Chips Residents of Cilegon Tulungagung City in financial management and possible solutions that can be applied to overcome them.

There are two types of data used in this research: primary data and secondary data. Primary data collection is data collection that is collected directly from data sources (Sugiyono, 2018). An MSME manager from Banana Chips from Cilegon City provided information for this report through interviews and field observations. Currently secondary data sources are indirectly available based on primary sources (Sugiyono, 2018). In this study, researchers used various analyzes such as interviews, classifications and questionnaires to collect information about the production process, sales process, heating and purchasing of Wingko materials at UMKM Banana Chips Cilegon Residents.

The approach used by researchers to collect information through interviews, observation, and documentation is a qualitative approach. A qualitative approach is used to gain a deeper understanding of the phenomenon under study through data in the form of words and images explained by research participants. This approach allows researchers to understand the meaning and subjective experiences of research participants as well as the social and cultural contexts that shape these phenomena. In this study, a qualitative approach allows researchers to understand the wingko production process, purchasing system, sales system, and raw material supply system at the UMKM Banana Chips Cilegon Citizens from the perspective of the owner and the social and cultural context that shapes this business.

## **RESULTS AND DISCUSSION**

UMKM Banana Chips Cilegon City Residents are Small and Medium Enterprises (UMKM) which were founded in Tulungagung in 2014. It started with her husband's love for wingko and learning how to make it from his relatives who came from the Babat area. This motivated Ibu Oom to start a business. Initially, the owner sold about 5 boxes of wingko to his friends. Over time, the demand for wingko has increased and currently the demand has reached 20 boxes per day, and on holidays it can reach 50 boxes per day.

From this research, it was found several problems that occurred in UMKM Banana Chips Cilegon Residents. The problems encountered in the field are related to accounting information systems in financial management at MSMEs. There are problems related to speed, completeness, and accuracy in the required data. Such problems can lead to errors when carrying out internal controls from MSME owners (Hafizah, 2021). Some of the problems that arise in UMKM Banana Chips Cilegon Residents are as follows:

1. Lack of understanding of MSME owners regarding the importance of accounting information systems and how to manage them properly.
2. There are limited resources and funds to obtain a better and more sophisticated accounting information system.
3. There is no special staff responsible for managing the accounting information system.

From these problems, it can be seen that the use of an accounting information system is very important to assist financial management in UMKM Banana Chips Cilegon Residents. With the right accounting information system, it is expected to minimize errors in financial management and provide more accurate and complete information. In addition, MSME owners also need to understand the importance of accounting information systems and manage them properly. In addition, they also need to spend resources and funds to obtain a better and more sophisticated accounting information system and have special staff who are responsible for managing it. Analysis of input, process, and output needs at UMKM Banana Chips Cilegon Residents will assist in designing an appropriate and effective accounting information system. The following is a brief explanation of the three elements:

#### 1. Input

Input is data or information entered into the accounting information system. For MSME Banana Chips Residents of Cilegon City, the input needed is financial transaction data, such as raw material purchases, product sales, operational expenses, and so on. Input can also include data about customers, suppliers, employees, and other information needed for decision making.

#### 2. Process

Process is how data is processed into useful information. The process in the Cilegon City Residents' MSME accounting information system will include recording financial transactions, data processing, preparing financial reports, and internal controls to prevent errors and fraud.

### 3. Output

Output is information generated from the accounting information system, which can be used for decision making. The output of the UMKM Banana Chips Cilegon Residents includes financial reports such as income statements, balance sheets and cash flows, as well as other information needed for making business decisions.

By analyzing input, process, and output needs appropriately, UMKM Banana Chips Cilegon Residents can design an accounting information system that can help overcome problems that occur in financial management. During the creation of the Cilegon City Residents' MSME accounting information system, it is necessary to analyze input, process and output needs (Musmini, 2013)

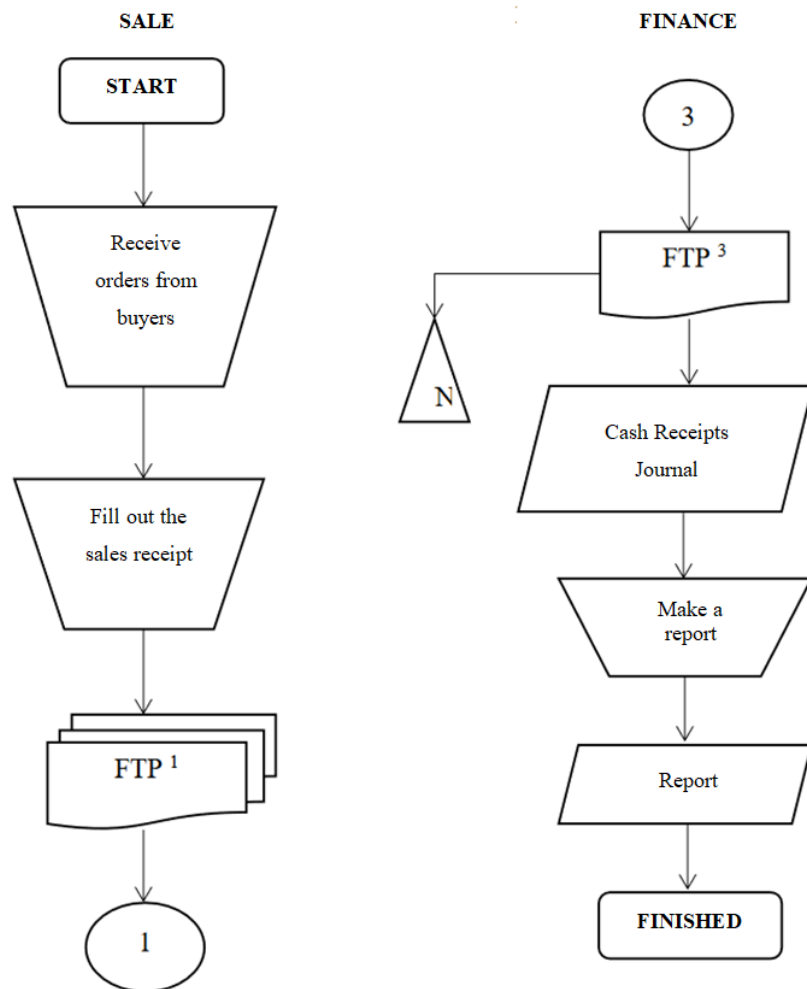


Figure 1

Flowchart of MSME Cash Receipts Accounting System Banana Chips Cilegon Residents

As explained by Mulyadi (2016), cash receipts SIA is an integrated step in carrying out sales-based cash receipts activities, both routine and non-routine, which are based on related company policies. In this case, the cash receipts obtained by the company can be used to buy inventory, create

new products, pay expenses such as workers' salaries, depreciation, and other expenses. By using cash receipts SIA, companies can obtain better and more efficient financial management.

From this explanation, cash receipts from UMKM Banana Chips for Cilegon City Residents can be compiled as follows:

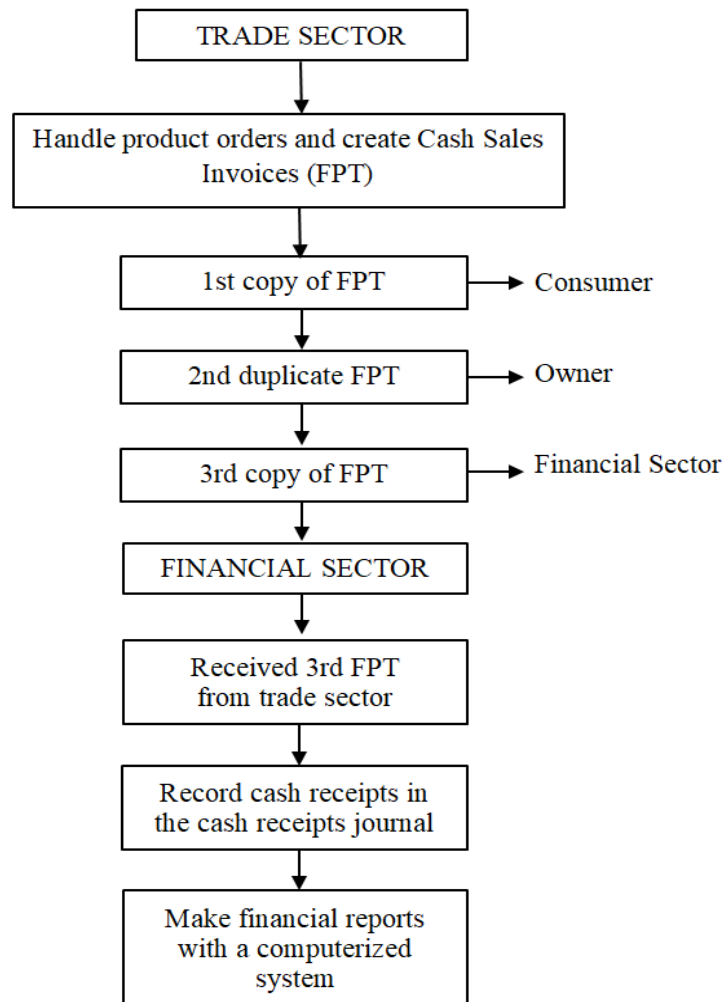


Figure 2

The composition of the MSME Cash Expenditure Accounting System for Banana Chips for Cilegon City Residents

The process starts from the trading sector which handles product orders and makes FPT. The FPT is then given to consumers (fold 1), owners (fold 2), and the financial sector (fold 3). In the financial sector, triple FPT is recorded in the cash receipts journal, then used to make financial reports using a computerized system.

Cash disbursement is one of the important transactions in the operational activities of a company. In disbursing cash, the company must ensure that the expenditure is carried out properly and is properly recorded in the accounting information system (Diyana & Yustian, 2017). This is very

important so that companies can monitor and control cash disbursements and prevent misuse of funds. In addition, cash disbursements must also be adjusted to company policies and a pre-agreed budget.

In the cash disbursement system, there are only two uses, namely the owner and the finance department (Maknunah, 2015). The process of disbursing petty cash in a company involves three parties, namely the owner, the finance department, and the petty cash user. The owner of the company will make a duplicate petty cash withdrawal request (PPKK) and give the PPKK to the finance department. Then, the finance department will adjust the amount of money requested with PPKK 1 which will be given to the owner of the company and PPKK 2 which will be taken temporarily by petty cash users. Furthermore, petty cash users will use the money for operational purposes and must include proof of petty cash disbursements and make Proof of Petty Cash Expenditures (BPKK). After that, PPKK 1, proof of disbursement of petty cash, and BPKK will be returned to the finance department to be checked and matched with PPKK 2 taken by the petty cash user.

If it is appropriate, the finance department will provide PPKK 1 to the company owner as an archive, while PPKK 2, proof of petty cash disbursements, and the BPKK will be kept by the finance department and recorded in the cash disbursement journal. Furthermore, the finance department will make financial reports using a computerized system. This aims to ensure the use of petty cash that is effective and efficient and accounting can be accounted for.

From the results of interviews with MSME owners of Banana Chips, residents of Cilegon City, there are problems in recording cash transactions which are done manually without using an accounting system. This causes many problems, such as difficulties in matching transactions with cash accounting, and difficulties in accounting for cash receipts and disbursements. Therefore, special measures are needed in terms of administration and recording of cash transactions.

In the latest system design, the focus will be on data input systems, management of accounting process data, and reporting. This is done by creating a document flowchart. An Accounting Information System (AIS) with an automatic transaction recording feature can be a solution to this problem. SIA can speed up the processing of financial data and facilitate its use, as well as produce quality financial reports that can be modified as needed. With the use of SIA, it is hoped that MSME Banana Chips for Cilegon City residents can be more effective in managing their finances and can increase their income.

## **CONCLUSION**

The use of a well-integrated Accounting Information System (AIS) can also provide convenience in making decisions because the financial reports are available quickly and accurately. Therefore, UMKM Banana Chips Cilegon Residents need to consider adopting the SIA model in their financial administration activities in order to increase operational efficiency and effectiveness and assist in making the right decisions in developing their business in the future.

The Accounting Information System (SIA) can help improve efficiency and effectiveness in processing financial activities in Cilegon City Residents' Banana Chips MSMEs. By using a well-integrated system, MSMEs can avoid mistakes in recording transactions and produce accurate and quality financial reports. In the long term, this can help improve the performance and income of these MSMEs. An Accounting Information System (SIA) that has been well integrated and effective can provide various benefits for MSMEs such as Banana Chips for Cilegon City Residents. With SIA, the processing of financial data can be carried out efficiently and effectively, making it easier for users to record and manage financial transactions. In addition, data recorded in the SIA can be processed automatically based on data, so as to minimize human errors in data processing. Another advantage is that the SIA can produce quality output in the form of financial reports that can be modified according to user needs, making it easier to make the right business decisions.

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