

THE ROLE OF ACCOUNTING INFORMATION IN PLANNING AND DECISION MAKING IN FINANCIAL MANAGEMENT IN UMKM IN SINGARAJA CITY

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ABSTRACT

Micro, Small, and Medium Enterprises (UMKM) have a strategic role in driving economic growth in Indonesia, including in Singaraja City. However, UMKM financial management still faces various challenges, especially related to low accounting literacy and minimal use of accurate and relevant accounting information. This study aims to examine the role of accounting information in supporting financial planning and decision-making in UMKM in Singaraja City, and to identify factors that influence its implementation. Using a qualitative approach through surveys and interviews with UMKM actors, it was found that accounting information plays an important role in improving operational efficiency, financial planning, and data-based business decision-making. This study also compares the implementation of three digital accounting systems, namely BukuWarung, ESB POS, and SAAS, which show similarities in supporting automatic financial recording, ease of use, and reduction of human error, as well as differences in features, focus of use, and system complexity. The results of this study provide theoretical contributions to the development of MSME accounting literature as well as practical contributions in the form of recommendations for strengthening accounting literacy and developing training based on local needs.

Keywords: UMKM, accounting information, financial planning, decision making

INTRODUCTION

MSMEs play an important role in the national and regional economy, including in Singaraja City. However, many MSMEs still face obstacles in professional financial management due to a lack of understanding and use of accurate accounting information. Accounting information is very important for financial planning and making the right decisions so that businesses can develop optimally.

This study aims to examine the role of accounting information in supporting financial planning and decision making in MSMEs in Singaraja City, and to identify factors that influence its utilization. The results of the study are expected to help improve the capacity of MSMEs in managing finances based on data, as well as being a reference for related parties in developing targeted training and mentoring programs to strengthen the competitiveness of MSMEs.

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in driving national and regional economic growth. In Indonesia, MSMEs are the backbone of the economy because they can absorb many workers and create economic activity in various sectors. In Singaraja City, the existence of MSMEs is vital in supporting the welfare of local communities, especially in the trade, service, and home industry sectors. However, even though their numbers continue to increase, many MSMEs still face serious challenges in terms of professional and sustainable financial management.

One of the important factors in good financial management is the availability of accurate and relevant accounting information. Accounting information not only functions as a tool for recording transactions, but also as a basis for business owners in preparing financial planning, managing cash flow, reducing costs, and designing more targeted business strategies. Without an adequate financial recording and reporting system, MSMEs tend to make decisions intuitively and unmeasured, which can result in inefficiency and risk of loss.

Unfortunately, there are still many MSMEs in Singaraja City who do not realize the importance of implementing an accounting system in their business activities. Lack of knowledge and skills in accounting, limited human resources, and minimal assistance from external parties are some of the main causes. As a result, decision-making and financial planning activities are carried out without a valid data base, making it difficult for businesses to develop optimally. This shows a gap between the potential of MSMEs and the managerial capabilities of business actors.

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By understanding the important role of accounting information, MSMEs are expected to be able to improve the quality of their business management through a more rational and measurable planning and decision-making process. In addition, the results of this study can also be input for local governments, MSME support institutions, and educational institutions to develop more targeted training and support programs. Increasing accounting literacy in MSMEs is a strategic step to strengthen the competitiveness of this sector amidst the ever-growing economic dynamics.

This research is motivated by the low level of awareness and the less than optimal application of accounting information in financial management practices in micro, small, and medium enterprises (MSMEs), especially those operating in the Singaraja City area. Accounting information should be utilized optimally by MSME actors as a basis for planning business activities, developing business strategies, and making decisions related to finance and operations.

However, there are still many MSMEs who do not understand the importance of the role of accounting information in supporting the sustainability and efficiency of their businesses. Lack of understanding and skills in managing financial information often causes MSMEs to have difficulty in preparing a mature business plan or in evaluating the financial and operational performance of their businesses.

Based on these problems, the formulation of the problem in this study is focused on the level of utilization of accounting information by MSME actors in the business planning process, and the extent to which accounting information plays a role in helping them evaluate and assess financial performance and business operational activities comprehensively and sustainably.

This research has very high relevance in the context of strengthening financial management in the micro, small, and medium enterprises (MSMEs) sector, which is the backbone of the national economy. Strengthening financial management is crucial for business sustainability and growth, considering that many MSMEs still face challenges in terms of financial recording, cash flow management, and preparation of financial reports in accordance with accounting principles.

This study highlights the importance of the use of accounting information in a practical and applicable manner, meaning that accounting information is not only understood theoretically, but also actually applied in daily operational activities by MSME actors. This includes the ability to record transactions systematically, prepare accurate financial reports, analyze financial positions, and use accounting data as a basis for making strategic business decisions.

Thus, the results of this study are expected to provide a real contribution in increasing the awareness and capacity of MSME actors in utilizing accounting information as the main tool in managing business finances efficiently. This research is expected to provide Theoretical contribution, namely enriching academic references regarding the application of accounting information in MSMEs. Practical contribution, namely providing real input for MSME actors, government agencies, and supporting institutions to better understand the importance of accounting literacy and take concrete steps to develop it at the local level.

LITERATURE REVIEW

Definition of Accounting Information

Accounting information is financial data that is processed and presented through the accounting process for use in making economic decisions. This information includes financial statements such as income statements, balance sheets, and cash flows that provide an overview of the financial condition of a business entity.

According to Baridwan (2016), quality accounting information must meet the criteria of relevance, reliability, comparability, and understandability. Accounting information is said to be relevant if it can influence the economic decisions of users. Information must help users evaluate past events, assess current conditions, or project the future.

Accounting Information in Financial Planning

Financial planning is the process of developing financial strategies to achieve short-term and long-term goals of a business. Accounting information is the main basis for developing rational planning, because it provides accurate historical data as a reference for future projections. For MSMEs, financial planning is often not carried out formally due to limited managerial capacity.

According to Anthony and Govindarajan (2005), a good planning process is based on historical information and future estimates, all of which are sourced from accounting data. Without financial reports, MSMEs tend to plan their businesses based solely on intuition, not rational calculations. This can result in unrealistic budgeting, inefficient use of capital, and low business sustainability.

Definition of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) are productive economic activities carried out by individuals or business entities that meet certain criteria based on the amount of assets and annual turnover. According to Law Number 20 of 2008, micro businesses have a maximum turnover of IDR 300 million per year, small businesses between IDR 300 million and IDR 2.5 billion, and medium businesses between IDR 2.5 billion and IDR 50 billion. MSMEs have unique characteristics, such as family-based management, limited access to capital and technology, and simple administrative records. However, MSMEs play a major role in creating jobs and encouraging equitable economic development, especially in areas such as Singaraja City.

Based on regional data, Singaraja as the center of Buleleng Regency, has various relevant MSME data. MSME data in Singaraja shows that this sector plays an important role in the regional economy. MSMEs make a significant contribution to economic growth, employment absorption, and poverty reduction. Based on data obtained from the Buleleng Regency Cooperative and MSME Service, it can be seen that the number of MSMEs in Buleleng Regency in 2017, based on their business classification, micro businesses: 24,550, small businesses: 8,147, medium businesses: 193, large businesses 17. The total number of MSMEs in Buleleng Regency in 2017 was 32,907 MSMEs.

However, behind the large contribution of MSMEs, many business actors still face serious obstacles in managing their businesses, especially in the financial aspect. One of the main challenges faced is the weak financial recording and reporting system and the low utilization of accounting information in the planning and decision-making process. Many MSMEs are still not aware of the importance of systematic financial recording, and some do not yet can prepare financial reports according to applicable standards.

Accounting Information in Decision Making

Decision making in the business world is a key activity in the management function. Decisions can be either daily operational or long-term strategic. Good decisions require reliable information, which in this case comes from accounting records. In MSME management, decisions include purchasing raw materials, determining selling prices, investment, and financing. Accounting information helps business actors understand the financial impact of each decision taken, so that the risk of loss can be minimized.

Wilkinson (2000) states that accounting information helps answer managerial questions such as: how much net profit is generated, are operating costs under control, and are business debts within reasonable limits. In practice, accounting information provides a comprehensive picture of the financial impact of each available option, so that business decisions become more accurate and reduce the risk of loss.

Obstacles to Implementing Accounting in MSMEs

Although accounting information has great benefits, MSMEs often do not have a good financial recording system. Some of the main obstacles identified in various studies include: Lack of financial and accounting literacy. Many MSMEs do not understand the basics of recording transactions, so they do not prepare adequate financial reports. Limited human resources. MSMEs are generally managed by the owner or family without professional staff, so record keeping is often neglected. lack of training and mentoring. Coaching programs from the government and financial institutions have not yet evenly reached all MSMEs in the regions, such as Singaraja City.

This causes many MSME actors to make simple records or even not make records at all, so that financial reports are not available as a basis for decision making. According to Nurlis and Yadiati (2017), low awareness the importance of accounting as a dominant factor causing MSMEs not to develop optimally, even though they are operationally active.

Relevant Previous Research

Various previous studies have revealed the importance of accounting information in supporting the sustainability of MSMEs: Sari & Hidayat (2021) found that the use of periodic financial reports is positively related to cost efficiency and business control in culinary MSMEs in Yogyakarta. Wibowo (2020) stated that the use of simple recording systems such as daily cash books and profit and loss reports helps MSMEs in developing marketing and production strategies. Darmawan and Lestari (2019) studied that MSMEs that received accounting training experienced a significant increase in their ability to prepare budgets and evaluate business performance. These studies support the importance of the role of accounting information not only in administrative aspects, but also in strategic decision making.

Framework

Based on the review of theory and previous research results, accounting information plays an important role in improving the quality of financial planning and decision-making in MSMEs. In this framework, the use of accounting information by MSME actors is influenced by internal factors such as managerial ability and financial literacy, as well as external factors such as access to training and mentoring.

METHOD

Implementation Method

This study uses a qualitative approach. The use of qualitative research design is to obtain a clear, objective, systematic, and accurate picture of the facts. (Margono, 2005). Menurut Sugiyono (Rahmayanti dkk, 2020) penelitian deksriptif adalah penelitian yang dilakukan terhadap variabel mandiri. Penelitian kualitatif menurut Sugiyono (Rahmayanti dkk, 2020) adalah penelitian yang digunakan untuk meneliti pada kondisi objek yang alamiah, peneliti sebagai instrumen kunci, teknik pengumpulan data dilakukan secara triangulasi (gabungan). Objek alamiah yang dimaksud oleh Sugiyono (Rahmayanti dkk, 2020) adalah objek yang apa adanya, tidak di manipulasi oleh peneliti, sehingga kondisi saat peneliti memasuki objek, setelah berada di objek, dan setelah keluar dari objek relative tdak berubah.

As a form of implementation of the results of the study on MSME problems in the Singaraja area. Through a series of planned stages of activities, the Survey was conducted directly to MSME actors for three days on January 6, 9, 11, 2025 through the interview method to determine the role of accounting

information in planning and financial management decision making in MSME businesses. This study includes an in-depth understanding of the concept of accounting information systems

This research design was designed to describe the relationship between accounting information and financial management of MSMEs. This research was conducted over a period of six days, located in Singaraja City.

RESULT AND DISCUSSION

Accounting information systems can help businesses track business activities during a certain period so that they can minimize errors in the company's financial records. Accounting information systems are an important point in business continuity because they play an important role in controlling decision-making for micro, small, and medium enterprises (MSMEs). This research was conducted according to what is applied by MSMEs that use accounting systems.

Similarities in the Implementation of Accounting Systems in MSMEs

From the results of research on three types of accounting systems applied to micro and medium enterprises, namely the BukuWarung application, ESB POS, and the SAAS system, several main similarities were found in the application of accounting systems in the MSME environment, especially in aspek perencanaan keuangan, pengambilan keputusan, pengelolaan operasional, serta kepuasan pengguna.

Basic Functions of Financial Recording and Automatic Reporting

These three systems generally provide convenience in recording accurate and real-time financial transactions. Users can record income, expenses, and debt-receivable transactions in an integrated manner, which are then processed into automatic financial reports such as profit and loss reports and cash flow. This helps business owners to get a direct picture of the financial condition of the business without the need for complicated manual calculations.

Support in Financial Planning and Decision Making

All these systems support business decision-making by providing accurate and easy-to-understand financial data. For example, BukuWarung allows for regular stock monitoring and debt-receivable management, ESB POS helps control cash inflows and outflows as well as kitchen needs, while the SAAS system provides transparency into daily transactions and employee salary management. With this data, MSME owners can plan stock purchases, manage expenses, and carry out short- and long-term financial planning.

Ease of Use and Adaptability for Non-Accountant Users

Antarmuka yang sederhana dan fitur intuitif menjadi keunggulan bersama ketiga aplikasi ini sehingga memudahkan pemilik UMKM yang umumnya tidak memiliki latar belakang akuntansi untuk mengelola pencatatan keuangan sendiri. Meski terdapat tantangan awal dalam adaptasi, secara keseluruhan pengguna merasa terbantu dan dapat meningkatkan efisiensi waktu serta tenaga dalam pengelolaan keuangan harian.

Human Error Reduction

The implementation of this digital system significantly reduces the risk of human error. Features calculation automation, data input validation, important transaction reminders, and reduction Data

duplication makes recording more accurate compared to manual recording which is prone to miscalculations or forgetting to input data.

Common Challenges in Using Digital Accounting Systems

Some of the obstacles experienced by users of the three systems are also quite similar, including: limited understanding of technology for some users, dependence on internet connections (although some applications can be used offline), limited special features according to business needs, and adaptation to system updates that sometimes change the appearance and working of the application. These obstacles are normal and can be overcome with ongoing training and technical support.

User Satisfaction

Overall, users of the three systems expressed satisfaction with the ease of use, adequate features, time efficiency, and accurate and reliable financial data. However, they also hope for further feature development, especially in business analysis and integration with digital payment methods to support increasingly complex business management.

Based on these findings, the implementation of digital application-based accounting systems such as BukuWarung, ESB POS, and SAAS have fundamental similarities in helping MSMEs manage their finances more effectively and efficiently. The three systems are able to Provide accurate and real-time financial records, Support data-driven financial planning and decision making, Reduce the risk of human error in record keeping, Provide convenience for users with minimal accounting knowledge, Improve operational efficiency and financial transparency of the business. Although there are several technical and adaptation constraints, in general these three systems are very suitable to be used as the main tools in managing MSME finances. Continuous feature development and user training will further strengthen its benefits in encouraging the sustainability and growth of micro and medium enterprises.

Differences in the Implementation of Accounting Systems in MSMEs

In addition to the similarities found, research on the implementation of three digital accounting systems in MSMEs also shows several quite significant differences related to the functions, features, constraints, and level of ease of use of each application.

Feature Focus and Complexity

BukuWarung is specifically designed for MSMEs who do not yet have in-depth accounting knowledge. Therefore, this application has simpler features and focuses on recording basic transactions, managing accounts receivable, and simple financial reports. ESB POS is more geared towards small businesses in the culinary field (such as seafood and fresh vegetables) with additional features for managing raw material stock and more specific kitchen operational control. More detailed reporting and recording features related to inventory are the advantages of this application. SAAS (Software as a Service) systems offer more complete and integrated solutions for medium-sized businesses such as coffee shops, which include employee payroll management, comprehensive financial reports, and more detailed product monitoring.

Level of Automation and Integration

At BukuWarung, automation of financial recording and reporting is sufficient for micro businesses, but is still limited in terms of advanced analysis features and report customization. ESB POS emphasizes

on accelerating transaction recording and stock management with a fairly automated system, without many in-depth analysis features or strategic data-based decision making. SAAS systems have a higher level of integration, with transaction recording that goes directly into bookkeeping and complete financial reports that support financial analysis and HR management, but requires more intensive understanding and training for users.

Constraints and Challenges of Usage

BukuWarung faces major obstacles in the limited technological knowledge of users and the need for an unstable internet connection. Standard features also pose a challenge when users want special reports. ESB POS hardly experiences any major obstacles because it is in accordance with the operational needs of small culinary businesses and users find it easy to operate this system. SAAS experienced significant challenges in the understanding of the management team, especially the cashiers, resulting in recording errors due to lack of training and adaptation. This more complex system required a longer learning period than the other two applications.

User Satisfaction Level

BukuWarung users are very satisfied with the ease of use and basic features that already meet the needs of micro businesses, although they still hope for more complete analysis features and digital payment integration. ESB POS users are very satisfied with the ease of recording and managing stock and the acceleration of the financial recording process, which greatly helps the daily operations of culinary businesses. SAAS users are also satisfied with the transparent system and the ability to control finances digitally, but there is a need for increased training for staff so that the use of the system can be optimal without recording errors.

System Suitability with Business Type

BukuWarung is best suited for micro businesses with basic record keeping and simple reporting needs. ESB POS is more suitable for small businesses that require fast management of raw material stock and daily transactions. SAAS is suitable for medium-sized businesses with more complex business processes and the need for comprehensive human resource management and financial reporting.

From the comparison, it can be concluded that although these three digital accounting systems have the same main objective in helping to manage MSME finances, the differences that emerge are mainly related to the complexity of features, level of automation, challenges of user adaptation, and suitability to the type of business. The selection of the right accounting system must be adjusted to the characteristics of the business and the ability of human resources in managing the system so that its benefits can be optimal.

CONCLUSION

This study concludes that accounting information plays an important role in strengthening the financial management of MSMEs, especially in the aspects of planning and data-based decision making. The results of the study on the use of digital accounting applications BukuWarung, ESB POS, and SAAS show that the right accounting system can improve operational efficiency, reduce recording errors, and provide more accurate financial control for business actors, even though they are still faced with literacy constraints and technological limitations.

Empirically, this study shows that MSMEs who integrate accounting systems into their business activities tend to make more rational and measurable business decisions. Theoretically, these results confirm the relevance of the concept of financial management based on accounting information in the context of small and medium enterprises. From an economic perspective, the widespread implementation of digital accounting systems has the potential to increase the competitiveness and sustainability of the MSME sector, which in turn will contribute to regional economic growth.

As a new finding, this study reveals a specific suitability between the type of digital accounting system and the scale of MSME businesses, where BukuWarung is more suitable for micro businesses, ESB POS for small businesses in the culinary sector, and SAAS for medium businesses with complex operational needs. This finding provides a new direction for the development of accounting systems that are more adaptive to the needs of the informal sector.

Further research is suggested to expand the scope of the region and use a quantitative approach to measure the direct impact of the use of accounting information on the financial performance of MSMEs statistically and in the long term.

IMPLICATION/LIMITATION AND SUGGESTIONS

Some limitations that need to be considered in this study are This study uses a qualitative approach that is descriptive in nature, so it does not yet describe the causal relationship statistically. Interviews and observations were conducted in a limited geographical scope, namely Singaraja City, so the results cannot be generalized to other areas with different MSME characteristics. The focus of the research only covers three digital accounting systems, so it does not represent all variations of systems used by MSMEs nationally.

Suggestion for Further Researchers: It is recommended to conduct quantitative research with a wider sample to measure the relationship between the use of accounting information and financial performance significantly. Cross-regional and sectoral comparisons will also enrich the findings. For MSMEs: It is important to start realizing that good financial records are not only administrative tools, but also the basis of an efficient and sustainable business strategy. It is recommended to choose an accounting system that suits the scale and complexity of the business.

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