

SMALL TO MEDIUM ENTERPRISES'S VIEWS ON ACCOUNTING APPLICATIONS : THE CASE OF INDONESIA

Yane Devi Anna

ABSTRACT

Small, and Medium Enterprises (SMEs) contribute 61.07% of Indonesia's GDP, and their contribution to the Indonesian economy includes the ability to absorb 97% of the total workforce and collect up to 60.4% of total investment. Based on the results of this study, SMEs continue to face difficulties in obtaining capital, with one of the factors being poor financial management, with the accounting information system still done manually. Accounting applications are still used sparingly in MSMEs, which prioritize product development and make extensive use of information systems. This study aims to identify the factors that influence SMEs' use of accounting applications. Purposive sampling is used to determine the sample. The sample is made up of SMEs from the city of Bandung's main industrial areas. This is a qualitative study that includes surveys and interviews. This study provides an overview of the most useful accounting applications based on SMEs's views, so that it can provide recommendations what the best of accounting applications for SMEs. The results of this study shows that the most popular accounting applications were Accurate Accounting, Simple Accounting, Zahir Simply Online, Akuntansi UMKM, and MYOB. Zahir Simply Online application is the most popular, with a high level of customer satisfaction and the highest score for features used. The reports generated, prices, knowledge and abilities of accounting applications, competitive pressures, and vendor support are all factors that help MSMEs use accounting applications.

Keywords: SMEs, Accounting Applications, Accounting Information Systems

INTRODUCTION

Today, e-commerce is rapidly expanding, and technology plays an important role in business processes. This is unavoidable in both developed and developing countries, but technology is an obstacle that must be overcome in developing countries. Indonesia is one of the developing countries with the greatest number of Micro, Small, and Medium Enterprises (MSMEs) supporting the country's economic structure. MSMEs contribute an estimated 61.07% of Indonesia's GDP. MSMEs contribute to the Indonesian economy by absorbing 97% of total workforce and collecting up to 60.4% of total investment (<https://ekonomi.bisnis.com>, 2021).

According to the findings of a study by Rekarti et al. (2019), MSMEs continue to face difficulties in obtaining capital. The government offers a solution in the form of the People's Business Credit Program (KUR), but the program has encountered challenges, one of which is that MSMEs have been unable to provide adequate financial information. Furthermore, the COVID-19 pandemic had a significant impact on the sustainability of MSMEs' businesses. MSMEs are continuing to try to innovate by utilizing technology in order to survive the pandemic. Ministry of Cooperatives and Small and Medium Enterprises (SMEs) noted that 15.9 million MSMEs have already joined the digital ecosystem, accounting for 24.9% of all MSME actors in Indonesia. This figure has increased dramatically since before the COVID-19 pandemic, when there were only 8 million MSMEs connected to the new digital platform (<https://Finance.detik.com>, 2021). The development of e-commerce in developing countries in the digital economy accelerates by 89.6%, with a focus on sales strategies through social media, as well as the use of accounting information systems to produce financial reports, tax calculations, and company performance reports. A previous study shows a relationship between the use of accounting information systems and business strategy by using an adequate accounting information system to improve company strategy and performance (Llave, 2017).

Accounting applications are still used in a small number of MSMEs, and MSMEs prioritize product development over accounting information systems, which are still seen as a relatively high cost (Putri, 2017). MSMEs with a high volume of transactions will, of course, struggle if accounting is still done manually, so the use of accounting applications can aid in the effective and efficient management of information data (Lestiawan and Mahmud, 2014). Some accounting software on the market does not meet the needs of Indonesian MSMEs. According to studies, MSMEs primarily use mobile accounting applications, with a user satisfaction level of 87.32% using "Zahir Simply one" and a user satisfaction level of 18.7% using "Xero Accounting Software." Furthermore, accounting applications such as Zoho Book Accounting, Simple Accounting, Golden Business Accounting, Paper.id, and *Akuntansi UMKM* are used (Rahmayanti and Rahmawati, 2018).

Based on MSMEs' perspectives on accounting application adoption, this study seeks to identify the factors that influence MSMEs' use of accounting applications. Understanding the influencing factors in accounting application adoption can serve as a catalyst for MSMEs that have not previously used accounting applications, as well as provide input to accounting application vendors, allowing them to better meet the needs of MSMEs. This study was conducted on MSMEs in Bandung whose income and contributions were generated by the city of Bandung industrial centers, which include: Binongjati Knitting Industry and Trade Center, Cihampelas Jeans Trade Center, Suci T-shirt Industry Center, and Cibaduyut Shoe Industry Center.

LITERATURE REVIEW

1. Micro, Small, and Medium Enterprises (MSMEs)

According to the Law of the Republic of Indonesia No. 20 of 2008 the criteria for MSMEs are: (1) Micro Enterprises must meet the following criteria: a. having a net worth of at least Rp50,000,000.00 (fifty million rupiahs), excluding land and business premises; or b. having annual sales of at least Rp300,000,000.00 (three hundred million rupiah). (2) Small Business criteria are as follows: a. having a net worth of more than Rp50,000,000.00 (fifty million rupiah) up to a maximum of Rp500,000,000.00 (five hundred million rupiah) excluding land and building for business; or having annual sales of more than Rp.300,000,000.00 (three hundred million rupiah) up to a maximum of Rp.2,500,000,000.00 (two billion five hundred million rupiah). (3) Medium Enterprises criteria are as follows: a. having a net worth of more than Rp500,000,000.00 (five hundred million rupiah) up to a maximum of Rp10,000,000.00 (ten billion rupiah) excluding land and building for business; or b. having annual sales of more than Rp2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiah).

2. Factors Influencing the Use of Accounting Applications

MSMEs that use e-commerce must have an accounting information system to produce accurate financial data so that decisions can be made quickly, which will affect operational performance. To produce financial reports, the accounting application used must meet several important factors in the accounting system, including functionality, accuracy, and speed in processing transactions and generating reports (Ghasemi et al., 2011). Based on the EMKM Financial Accounting Standards, the accounting system must meet the criteria for disclosing transactions in accordance with reliable measurements. Accounting information systems identify data to communicate information from two or more components that interact with each other, so appropriate standards and technology are required to achieve these goals (Aboelmaged, 2014).

Personal abilities are important in the use of accounting information systems because the use of accounting information systems has an impact on user satisfaction. The challenge for MSMEs in using accounting applications is the lack of operating knowledge as well as the low cost of recruiting accounting-skilled employees (Musah, 2017). User satisfaction can be measured by several factors, including performance, information, economy, control, efficiency, and service. Price, performance, flexibility, implementation, adjustment, and vendor support are all factors that can influence the choice of an accounting application (Maharseni, 2018). Vendor support can take the form of routine testing, network installation, or guarantee repairs caused by viruses. According to Putra's (2019) study, the factors that form the basis for selecting an accounting application are business activities, ease of use of accounting applications, and price.

Accounting application adoption is influenced by the following factors (Darren Ma et al., 2021):

- a. The benefits received: this factor is the most important in the diffusion of innovations; the benefits that MSMEs can directly feel are that they can gain competitive advantages and meet user needs.
 - b. : resources must be prepared to use accounting applications such as finance Organizational readiness, user knowledge, and technology.
 - c. External pressure: one of the influencing factors in accounting application adoption is competitive advantage, where pressure from competitors is a trigger to be able to compete.
 - d. Vendor benefits: vendors must be able to provide convenience to users and make adjustments to user needs.
- When selecting an accounting system for creating financial statements, several important factors must be considered :
- a. Level of Functionality
Accounting applications must have a high level of functionality in order to generate financial statements in accordance with generally accepted accounting principles. The software must be able to generate statements of financial position, income statements, statements of changes in equity, and statements of cash flows. However, at a minimum, the application must present financial statements that include statements of financial position and income statements and are easily accessible to users. Furthermore, the mobile application must be able to save data to the cloud or convert data into a spreadsheet or word processing application.
 - b. Level of Accuracy
Before financial statements can be prepared, digital accounting systems must be highly accurate. The computerized system is responsible for posting journal entries and ensuring that all transactions are properly recorded. Because of this accuracy, the number of accountants required to process financial statements is reduced. However, qualified supervisors must review the financial statements generated by the mobile application.
 - c. Processing Speed
The application's timeliness is critical in presenting financial reports for users' decision-making processes. Accountants can process financial data more quickly by using a mobile accounting application. The faster financial statements are processed for the entire transaction or for individual transactions, the less time it will take to close the accounting period. This cuts down on working hours and labor costs. This can speed up the process of closing a monthly or annual accounting period, especially when it comes to tax preparation. This can assist businesses in controlling costs and increasing overall efficiency.
 - d. External Reporting

A computerized accounting system can help to improve financial reports for investors and stakeholders. Mobile accounting applications are extremely useful because they can be used at any time and from any location. Increasing the level of reporting quality allows users of financial statements to make faster decisions about whether a company is financially stable, has opportunities for growth, and has the potential to become a high-value company.

RESEARCH METHOD

This is a qualitative study based on user experience in deciding on accounting applications. Surveys and interviews were used from previous studies to determine the factors that influence accounting decision-making and knowledge of accounting and accounting applications used (Romney et al, 2015; Marseni, 2018; Mihadi, 2019). Because this is an exploratory study, it is based on an investigation of user experiences with the accounting application used. User satisfaction and feature usage surveys Low prices, ease of use, customer service, time, ability in reporting, integration with other applications, no limits (including number of customers, invoices, users), additional services such as credit card services, taxes and payroll, inventory management are the features used to measure. Use a 1-5 scale to rate.

The population in this study is the industrial center MSMEs in Bandung, specifically the Binongjati Knitting Industry and Trade Center, the Cihampelas Jeans Trade Center, Suci T-shirt Industry Center, and the Cibaduyut Shoe Industry Center, and the sample is based on purposive sampling, in which the researcher determines the sample criteria. The criteria used were 72 MSMEs that use accounting applications.

DISCUSSION

According to the survey results in table 1, Zahir Simply Online is the most widely used by respondents, with a percentage of 32.17%, and Accurate Accounting has the lowest percentage of 13.46%.

Table 1: Applications used

No	Accounting Application	Percentage (%)
1.	Accurate Accounting	13.46
2.	Simple Accounting	14.53
3.	Zahir Simply Online	32.57
4.	<i>Akuntansi UMKM</i>	25.26
5.	MYOB	14.18

User satisfaction was measured using a 1-5 scale based on the accounting application's use. Table 2 shows that Zahir Simply One has the highest user satisfaction rating of 85.20% with a rating of 5, while Accurate Accounting has the lowest user satisfaction rating of 52.34%. According to the study's findings, Zahir Simply Online provides more user satisfaction than *Akuntansi UMKM*, MYOB, Simple Accounting, and Accurate Accounting. However, MYOB and MYOB Accounting show nearly identical results, around 76%, indicating that both applications provide the same level of satisfaction.

Table 2: Customer satisfaction level

No	Accounting Application	5 Star	4 Star	3 Star	2 Star	1 Star
1.	Accurate Accounting	52.34%	14.91%	13.04%	10.27%	9.44%
2.	Simple Accounting	63.77%	17.82%	8.16%	4.91%	5.34%
3.	Zahir Simply Online	85.20%	5.73%	4.96%	3.09%	1.02%
4.	<i>Akuntansi UMKM</i>	76.46%	11.65%	7.22%	2.48%	2.19%
5.	MYOB	76.23%	8.93%	8.64%	6.20%	0.00

Table 3 is the result of a survey related to the features used in accounting applications. According to table 3, Zahir Simply Online application has the highest score of 46, followed by *Akuntansi UMKM*. According to users, Zahir Simply Online has the lowest price among the two. Other features, on the other hand, have a score of 4 when compared to other apps. This demonstrates that Zahir Simply Online is the accounting application of choice for SMEs. This is consistent with the highest level of user satisfaction of 85.20%. The second is Accurate Accounting. However, this application receives a score of 4 for features, which is the lowest among all applications. MYOB and MYOB Accounting have the same score, but MYOB Accounting has a higher feature score of 4 than Accurate Accounting. For the accountant access feature, all applications received a 4 rating. Except for the Paper.id application, the ability to generate reports receives a score of 4. The four accounting applications then receive a score of 4 for accounting application points that can be applied to MSMEs, with the exception of Accurate Accounting, which receives a score of 2. No user has given a score of 4 for user service features or inventory management. This demonstrates that no application was able to meet the needs of respondents in inventory management.

Table 3: Accounting Application Features Rating

No	Category	Accurate Accounting	Simple Accounting	Zahir Simply Online	Akuntansi UMKM	MYOB
1	Low Cost	2	3	1	3	4
2	Easy to use	3	3	4	4	4
3	User Service	2	2	3	3	3
4	Accountant Access	4	4	4	4	4
5	Reporting	4	4	4	4	2
6	Integration with other apps	2	2	4	4	1
7	Access via HP	4	4	2	3	2
8	No limit (including number of customers, invoices, users)	2	2	4	2	2
9	Storage Time	2	2	4	3	4
10	Additional services such as credit card services	4	4	1	3	1
11	Tax and Payroll	4	2	2	2	2
12	Capacity	3	2	3	3	4
13	Inventory Management	3	2	2	2	2
14	Can be applied to MSMEs	2	4	4	4	4
15	Invoice Creation	4	2	4	2	2
		45	42	46	46	42

Based on the findings of interviews with factors identified by Darren Ma et al. (2021):

- The direct benefit received by respondents can be seen in the answer "the application is very helpful in preparing real time reports." This is consistent with table 3, which shows that among the five applications used, high scores were obtained for the ability to prepare reports. The accounting application is appropriate and can be applied to the MSME category so that transactions can be processed to generate the required reports.
- Organizational readiness is defined as the ability to know about and use applications. This is a major factor in respondents' readiness. According to one respondent, "employees who can run applications are very important," as is "the ability to understand how business processes can adapt to the applications used." In addition, respondents consider cost when using the application. The application is expected to save money. For example, respondents value Zahir at a higher price than other applications, but given the benefits, it remains the application of choice.
- External pressure is a factor brought on by technological advancements and customer demands. This is evidenced by respondents' statements such as "we adopted accounting software because of the demands that we must respond quickly to customers and company needs." Respondents' decision to use the application, particularly by medium-sized businesses, is based on the pressure of increasingly competitive competition.
- The final type of support is vendor support, which is required to better understand the application. This is supported by the findings of interviews with respondents who stated that "vendors provide assistance and provide solutions when applications require adjustments." Respondents have stated that vendor support is a factor they consider when deciding which application to use.

CONCLUSIONS

Accounting applications used by MSMEs in Bandung's industrial center include Accurate Accounting, Simple Accounting, Zahir Simply Online, Akuntansi UMKM, and MYOB. Zahir Simply Online application is the most widely used application, with a satisfactory level of customer satisfaction and the highest score for the features used. The most important factors that influence the decision to use accounting applications are reports generated, price, knowledge of and ability with accounting applications, competitive pressures, and vendor support.

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Yane Devi Anna
Sekolah Tinggi Ilmu Ekonomi Ekuitas – Indonesia
Email: yane.devi@ekuitas.ac.id