Business Activities in Pandemic of COVID-19 Era, the Source of Accounting Information and How Do Know How Well Our Business is Doing?

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Abstract---The purpose of this research is to analyze the completeness of accounting records kept by SMEs as a source of information for economic decision making. Accounting plays an important role in the success or failure of a business institution. Type of this paper is qualitative methods. The result of this paper explained the accounting system is responsible for recording, analyzing, monitoring and evaluating the company's financial condition, preparation of documents required for tax purposes, providing information support for many other organizational functions. Accounting information is important because it can help companies manage their short-term problems in critical areas such as costing, spending, and cash flow, by providing information to support monitoring and control. Small companies are often founded from family businesses. For the most part, in family businesses, management is between family members. However, the workforce can come from non-family members. Therefore, the business environment differs according to the management style as well as the culture passed down from generation to generation. Small and Medium Enterprises (MSMEs) It has been recognized that proper accounting information is essential for the successful management of any business entity, whether large or small, the types of accounting records kept and maintained by SMEs, their completeness and availability of accounting skills and knowledge to capture and process accounting information that can be used to measure accounting information performance in SMEs.
Introduction

Accounting information systems is a system that includes all accounting functions and activities. This process is carried out with the aim of considering the impact of the company's internal and external operations on economic resources. Accounting information systems is a collection of data consisting of an arrangement of records, forms, equipment and supplies such as computers, communication tools, executive staff and reports that are interconnected (Hasibuan et al., 2020). Accounting information systems is a series consisting of various interconnected components. Starting from implementing personnel, procedures, data, software and technology infrastructure and a series of components that have relationships and collaborations with the aim of collecting, storing, processing company economic information. Main Purpose of Accounting Information System. After understanding at a glance about the meaning of accounting information systems according to experts. In order to deepen your knowledge of AIS, it is also important for you to study the main objectives of the activity, including the following:

1. Support Management Stewardship Function According to Hall (2015) the main purpose of developing an accounting information system is to support the stewardship function. As is known, in the process of managing the company's operations, the management is responsible for regulating and managing resources properly. Of course, in carrying out these duties and responsibilities in order to make the right policies, it requires consideration. For this reason, the accounting information system is structured in order to produce economic reports.

2. Support the Decision Making Process As previously explained, the accounting information system is designed to generate reports through a series of processes from recording, identification, processing to presentation in the form of financial data (Simanjuntak et al., 2020). Next, the financial data includes all economic transactions of the company. The report will be submitted to the authorities in this case is the manager to be used as a basis for consideration in determining a new policy and decision.

The main purpose of an accounting information system is to assist in terms of providing economic information for the company, which later the data will be needed for many parties to carry out their duties and responsibilities (Alfian et al., 2020). Economic reports resulting from the accounting information system indirectly support and improve company efficiency, so that all work processes can run effectively and efficiently. Main Functions of Accounting Information Systems Accounting information systems are structured not only on the basis of objectives. However, in practice SIA is also designed with several main functions. These include the following:
1. Collection and Storage of Business Data

The main function of the preparation of an accounting information system is to collect and store data related to the company’s business activities. All of this is done so that all activities run effectively and efficiently. The process itself starts from capturing data on all transactions according to the source document. Then record back into the journal based on the category. Next, post it in the ledger.

2. Providing Information as a Basis for Decision Making

The accounting information system has the main function of providing financial reports as a basis for consideration for making decisions by management. The data contains all company transactions. So far in the manual system, the information generated by SIA is in the form of reports. Where the document has two main categories, namely financial and managerial. Of course, each has different details.

The accounting information system also serves to create adequate internal controls. In this case, it specifically ensures that economic reports are made according to procedures and rules so that the results are valid and reliable (Maksum et al., 2021). The accounting information system is specifically designed to ensure that all business activities run efficiently and according to purpose. Not only that, with AIS, the company's wealth or assets can be maintained.

The Importance of a Well-Managed and Correct Accounting Information System

Maybe for most people ask the importance of managing an accounting information system properly and correctly. Talking about this, it is necessary to understand that AIS has a role and function that has an impact on the company's operations. With the accounting information system, it really helps business processes to be more effective and efficient. However, if all the processes are not designed properly it will hamper everything. That is one of the reasons it is important that AIS is managed properly and properly.

Literature Review

The Accounting Information in the Small and Medium Enterprises

Small and Medium Enterprises (SMEs) is an economic strategy activity that has an important role for the economic growth of developed and developing countries (Zuo, & Lin, 2022). The important role in question is that in addition to being able to expand business opportunities, SMEs also provide benefits such as expanding job opportunities that have been needed by the community to support their daily economic needs. In addition, SMEs can also make a positive contribution at the macro and micro levels, namely by good employment, increasing investment and growing (Kuttner et al., 2022).

Therefore, Small and Medium Enterprises (SMEs) are one of the important pillars for economic growth in Indonesia. The use of accounting information in Small and Medium Enterprises (SMEs) is one of the efforts in anticipating the failure of the business being run. In addition, accounting information can provide and present important information that is relevant to determine whether the performance carried out is in accordance with expectations or not, more specifically explained that the use of accounting information in small companies
will assist management in planning, controlling, policy, and performance evaluation against the company.

An accounting information system (AIS) is needed by a company engaged in any field. Many because it contains a process to report the company’s financial condition accurately and correctly to all parties who need it (Yulisfan, 2021). The process is related to information technology to advance the business or business. AIS will make it easier for companies to do most of the company’s activities. By providing precise and accurate information, production costs can be reduced and become more effective and efficient.

According to Quitzau et al (2022), the arrangement of forms, records, and reports that are coordinated in such a way as to provide financial information needed by management, in order to facilitate the management of the company. Meanwhile, according to Capocchi et al (2022), Understanding Accounting Information Systems or AIS is the arrangement of forms, records, and equipment.

This includes computers and their equipment as well as communication tools, implementation personnel and closely coordinated reports. Then it is designed to transform financial data into information needed by management. From this it can be said that the Accounting Information System is a system consisting of various forms, records and reports that are prepared and produce financial information needed by the company. An Accounting Information System (AIS) collects, stores, and reports financial and accounting data that is used by internal users to report information to investors, creditors, and taxes. It is generally a computer-based method for tracking accounting activities in relation to information technology resources. AIS combines traditional accounting practices with modern information technology resources.

Small and Medium Enterprises have been defined in various ways according to the capital of the enterprise, size, the number of people employed by the enterprises, the ownership and management of the enterprises and sales volume, all the definitions agree on the common views that small or medium businesses employ few people and are characterized by a relatively small amount of capital and turnover. According to the International Labor Organization (ILO, 1997), no single definition can capture all the dimensions of “micro”, “small”, “medium”, “large” (Endris & Kassegn, 2022). Nor can it expect to reflect the differences between firms, sectors or countries at different levels of development. The International Accounting Standards Committee Foundation (IASCF) (2007) defines an SME as an entity that does not have public accountability and thus, publishes general purpose financial statements for external users.

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recording of data and information regarding events that have an economic impact upon organizations and the maintenance, processing and communication of such information to internal and external stakeholders.

Methods

The type of this research the qualitative Methods. Qualitative methods are methods that focus on in-depth observations. The use of qualitative methods in research can result in a more comprehensive study of a phenomenon. Qualitative methods put more emphasis on observing phenomena and examining the substance of the meaning of these phenomena. The analysis and sharpness of qualitative research is greatly affected by the strength of the words and sentences used.

Result and Discussion

Result

Accounting Practices and Financial Reporting of SMNE

The changes that occurred in business environment have led to an increasing number of information to be processed, generated and delivered. Thus, the critical part is the quality of information produced by the business itself which will be used in making business decisions (Abreu et al., 2022). Accounting systems provide a source of information to owners and managers of SMEs operating in any industry for use in the measurement of financial performance. In any sense, profit can analogously be viewed as the life-blood of a business and hence the accounting bases, concepts and principles adopted ought to capture and report all the relevant accounting information to ensure reliability in its measurement. Reported profits reflect changes in wealth of owners and this can explain why major economic decisions in business are centered on financial performance as measured by profitability.

Small and Medium Enterprises Defined Small and Medium Enterprises have been defined in various ways according to the company’s capital, size, number of people employed by the company, ownership and management of the company and sales volume, all definitions agree on the general view that small and medium or medium enterprises employ few people and is characterized by a relatively small amount of capital and turnover. According to the International Labor Organization (ILO, 1997), no single definition can capture all the “micro”, “small”, “medium” dimensions. "big". Nor can it be expected to reflect differences between firms, sectors or countries at different levels of development.

The Benefir of Information Technology ini Bussines

Benefits of Information Technology in Business Utilizing technology in conducting business processes will have a positive impact on the development of the business itself and its business people. Business actors will get several
conveniences in processing their business, so that business efficiency increases and business can develop quickly. For more details on what are the benefits of information technology for business progress, here are the reviews:

1. Simplify the way to communicate Businesses that utilize information technology will make it easier to communicate. In carrying out business processes, communication does not escape, which is the role of information technology to encourage speed in carrying out these activities. For example, exchanging messages via e-mail between colleagues or using other internet-based applications. The existence of collaboration with business partners from different islands to different countries, companies use e-mail to facilitate communication. In addition, business people can easily communicate with consumers so that they know the exact needs of their consumers. Of course it will have a big impact and can develop the business that is run.

2. Monitoring business development Then, business and information technology applied to a company will help the process of monitoring business movements. Business people can find out the movement of the business by utilizing the internet network by using daily or monthly reports to make it easier to formulate future strategies. In addition, business people can also monitor the performance of their employees through the use of information technology. So that the work will be easily completed and more practical than if you apply manual or traditional methods.

3. Saving Production and Operational Costs The benefit if a business applies information technology is that it saves production and operational costs. With the development of information technology which shows changes or progress every day, it will allow companies to monitor or control the costs incurred every day. This can help the company in making decisions to reduce the costs that must be incurred for the product. So the company will get a big profit. Of course, this is supported by careful considerations with the help of information technology. Especially when using information technology for marketing, as mentioned above. So this practice will certainly save costs because business people can promote their business through social media, such as Instagram, Facebook, and TikTok which are often used by business people today.

4. Sources of knowledge and information With information technology, the source of knowledge has no limits because information can be obtained via the internet quickly and easily.

5. Data management Management information systems are very useful for storing important company databases.

Decision usefulness theory covers the requirements of the quality of accounting information that is useful in decisions that will be taken by users. The theory of decision usefulness becomes a reference for the preparation of the Financial Accounting Standard Boards (FASB) conceptual framework, namely the Statement of Financial Accounting Concepts (SFAC) applicable in the United States.
Discussion

The usefulness of accounting information decisions contains components that need to be considered by presenters of accounting information so that the existing coverage can meet the needs of decision makers who will use it. The level of needs of users of financial statements needs to be considered in the presentation of accounting information. Use of Information The use of accounting information is important, because it will have an impact on as well as the benefits to the business carried out, so that it becomes directed and planned. Accounting information is quantitative information about economic entities that is useful for making economic decisions in determining choices between alternative courses of action. The classification of accounting information according to its benefits for users includes (Hameed et al., 2022):

1. Statutory accounting information, is information that must be prepared in accordance with existing regulations.
2. Budgetary information, namely accounting information presented in the form of a budget that is useful for internal parties in planning, assessing and making decisions.
3. Additional accounting information, namely other accounting information prepared by the company with the aim of increasing the effectiveness of decision making.

Data, Reports, and Features in Accounting Information Systems The Information Accounting System provides two basic types of accounting records, namely Journals and Subsidiary Ledgers. There are two types of journals, namely general journals and special journals. All journal entries can be recorded in the general journal, which requires that each debit and credit be entered manually. Special journals are used to record similar types of transactions. Accounting information systems typically have four specialized journals:

a. Sales journal to record credit sales
b. Cash receipts journal to record all transactions that have a debit to cash
c. Purchases journal to record all purchases made on credit (credit to accounts payable)
d. Cash disbursements journal to record all cash credit transactions
e. According to the American Institute of CPA (AICPA) and the Canadian Institute of Chartered Accountants (CICA), there are five basic principles that are important for the reliability of this system, namely:
f. Security – Access to the system and its data is controlled and restricted to authorized persons only.
g. Confidentiality – Protection of sensitive information from unauthorized disclosure.
h. Privacy – The collection, use and disclosure of personal information about customers is carried out in an appropriate and private manner.
i. Processing integrity – Accurate, complete and timely processing of data is carried out with proper authorization.
j. Availability – This system is available to fulfill operational obligations under the contract.
k. With the AIS, financial reports at the end of each accounting period will be easier to do. Besides being easy, the accuracy in making reports is also more effective.

SIA makes maximum company performance and company performance processes more effective and efficient. The convenience of SIA can now be obtained easily with the Journal. As one of the online accounting service provider platforms that can fulfill this, the Journal provides an online accounting information system. Thus, your company's accounting system will be more optimized and automated. In addition, Jurnal is also one of Indonesia's most reliable inventory software in supporting a more optimal company inventory process.

References


