

Financial Management Information System to Improve South Tangerang MSME Performance

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Abstract: The era of Digitization requires all business lines to improve their Information Management System. The old conventional system needs to be abandoned immediately. MSMEs as one of the pillars of the nation's economic enforcement, have many obstacles in various fields, especially the ability to master digital technology. This requires extra efforts from various parties, both MSME actors, the Cooperatives and MSME Service, and members of the local DPRD. This study paper was prepared related to the MSME Financial Management Information System, especially in South Tangerang. Since the Covid 19 pandemic, the number of South Tangerang SMEs has increased almost 3 times to 90,128. Most of these figures (82%) are Micro businesses with various obstacles, especially financial management constraints [1]. The method of writing this study paper is carried out by (1) collecting various data related to MSME Financial SIM through interviews and surveys of MSME actors, Kadinkop and MSMEs in South Tangerang, and members of the South Tangerang DPRD, (2) studying several related journals, (3) Analyzing MSME Finance SIM data and its development in the future. The author believes that increasing MSMEs in SIM Finance can improve performance which will eventually lead to an increase in the welfare of the Indonesian people. The results of the study of this paper show that: (1) Efforts to train MSMEs can improve financial management capabilities (2) MSME performance has increased in line with the increase in their financial management management capabilities.

Keywords: Management Information System, Financial Management, Performance, MSME

INTRODUCTION

The number of MSMEs exceeds the number of Large Enterprises [33]. Therefore MSME problems and efforts to increase MSMEs need attention. In addition, the GDP figure of MSMEs also shows a higher number than other large businesses [33].

The attention given by the government to increase MSMEs has been carried out very well [31]. However, the quality of MSME management is still lower than that of large businesses. Large companies have a complete organizational structure, competent and highly educated human resources, production management, marketing management, good financial management, and sophisticated information systems. This is very different from what has been achieved by MSMEs.

MSMEs as small business entities usually have a simple organizational structure, minimal managerial skills in HR managerial, production, marketing or finance. In addition, many MSMEs have capital constraints and limitations in establishing links with banks. So automatically, these obstacles can be said to be the cause of the slow increase in MSMEs. Or we can say that the growth of SMEs is like the growth of bonsai plants. There are many things that MSMEs need to improve. What we want to focus on in this journal is a study related to the MSME financial management information system. We assume that with a good financial information system, performance and improvements in other areas will be achieved.

A survey conducted by LIPI regarding the performance of MSMEs during the pandemic found that almost 95% of MSMEs experienced a significant decline in sales, viewed from the aspect of business scale, length of business, offline and online sales methods [34]. When viewed from the vulnerability of doing business, MSME actors predict that the longest they will survive is only until August 2020 as much as 50%, until November 2020 as much as 79% and until the end of 2020 as much as 86%. From this data, we can say that SME players who feel optimistic that they will be able to survive until the end of the year even though the pandemic still occurs are only around 15%.

We assume that the prediction of MSME bankruptcy during the pandemic is influenced by various undeniable reasons related to the MSME managerial system.

From the results of a study of several journals, we get information that training and mentoring of financial management systems, even from the simplest to more complex-based financial information systems, provide positive results for improving the performance of MSMEs.

From surveys and interviews with MSME actors, we found that the Pandemic has reduced their sales turnover by almost 50%, but they are still trying to survive this pandemic era, among others, by reducing the amount of production, making marketing efforts both online and offline more massively.

From the results of discussions with the Head of the Cooperatives and SMEs Office and members of Commission 2 of the South Tangerang Regional Advisory Council, we obtained some information that MSME actors since the pandemic, which was accompanied by many layoffs, caused an increase in the number of MSMEs to more than 90,000 in 2019 and reached approx. 106,000 in 2021.

The obstacles experienced by MSME actors are (1) how to reduce production prices to match people's purchasing power, (2) how to market products so that they can be reached by consumers more broadly, (3) how to carry out promotions to increase the number of sales and (4) how to create a brand image of the product to be known and trusted in the community.

The obstacles experienced by the Cooperatives and MSMEs Service are the limitations of Information System Technology to carry out their duties and roles in developing MSMEs. The Department of Cooperatives and MSMEs stated that they needed assistance in collaboration with the Ministry of Communications and Information to improve their database capabilities. Thus, they believe that their duties will be carried out better if their Information System is improved in all lines.

From the description above, we want to focus the study of this paper on the MSME Financial Management Information System. We assume that good financial management will improve MSME performance.

As mentioned above also that MSMEs play an important role in contributing to the increase in GDP, so we assume that relevant and competent government agencies must provide training related to computer-based Accounting Information Systems that are in accordance with the conditions of MSMEs themselves. Maybe it doesn't need to be too sophisticated, but it is effective to improve the performance of MSMEs. Especially for micro and small scale SMEs.

MSMEs at least need to carry out standard financial reporting including managing daily transactions, recording methods, classifying transactions and others. The recording of

standard financial statements will provide convenience for various interests, both internal and external [35].

This is a description related to MSME problems, especially related to financial management information systems that need to be carry out to improve MSME performance. There are 5 points that become the formulatin of the problem of the study of this paper, namely:

1. Is the MSME financial management information system progressing towards a computer-based suestem?
2. Will the improvement of the MSME Financial Management Information System also improve MSME performance in the next 5 years?
3. Do MSME have the motivation to improve their Financial Management System?
4. Will MSME's financial management information system make significant progress in the next 5 years?
5. How to improve MSME's financial management information system?

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Management Information System

The system is a relationship between several units that cannot be separated and form a single unit to achieve the goals that have been set. All units must work in harmony and no interference with each other is allowed. There must be work harmony between units.

Information is information as data that has been processed into a form that is useful to the recipient and tangible, in the form of value that can be understood in current or future decisions (Gordon B. Davis (1991). Burch and Grudnitski (1989: 6) state that there are three pillars The main factors that determine the quality of information are accurate, timely, and relevant.

Management is defined as a process of planning, organizing, coordinating, and controlling resources to achieve goals effectively and efficiently (Ricky W. Griffin).

So Management Information System (MIS) is an integrated system that provides information to support operational activities, management, and decision-making functions of an organization. (O'Brien, 2002). O'Brien also stated that a management information system is an organized combination of people, hardware, software, communication networks, and data resources that collects, transforms, and disseminates information within an organization.

MIS is the application of information systems within the organization to support the information needed by all levels of management. Management Information Systems are divided into several boundaries (according to the size of the company), such as: Accounting Information Systems (IS), marketing IS, inventory management IS, personnel IS, distribution IS, purchasing IS, wealth IS, credit analysis IS, research IS and development and IS Engineering

Of the several kinds of information systems, the information system that is definitely needed and urgent in every company, including MSMEs is an accounting information system.

The accounting information system has several subsystems for processing financial and non-financial transactions that directly affect the processing of financial transactions. There are three subsystems of AIS, namely (1) Transaction Processing System which supports daily business operations with a number of documents and messages for users throughout the organization, (2) General Ledger/Financial Reporting System which produces traditional financial reports such as profit and loss statements, balance sheets, cash flow statements and so on and (3) a Management Reporting System which provides internal management with special purpose financial reports and information needed for decision making [35].

Financial Management

Financial management is an activity related to financial and asset management decisions. The main objective of financial management is to obtain maximum profit through

available financial resources. The scope of financial management starts from finding financial sources, how to use the obtained finances, as well as profit sharing as a result of financial management. Financial management can be carried out individually or through a company.

Decision making in financial management relies on accounting data, especially information contained in financial statements. The scope of decision making in financial management is divided into financial policy, investment policy and dividend policy. The benefit of financial management is to provide welfare to the holders of financial resources. The application of financial management includes financial institutions, industry, and government, especially the public sector [36].

MSMEs must understand how to make financial reports in carrying out financial management. Financial Report is a tool to convey financial information to the parties who need it [5]. MSMEs will be easier to improve their performance if MSMEs are able to manage their finances properly and correctly. In addition, financial reports can also be used for filing when you need capital assistance in the banking system. Information that can be known from accounting reports (financial statements) is in the form of descriptions and objectives of financial statements.

The description of the financial statements provides information related to the state of the company or MSME and can be used as a communication tool between the company and other interested parties. Meanwhile, the objective of the Financial Statements is to provide financial information that can be used by parties who need it as a material for consideration in making economic policies [5].

Performance

Performance in the organization is a very important thing to set the standards to be achieved. Managers who are less qualified often don't pay attention unless things are getting really bad or going awry. Many managers do not know that the company's performance is very poor and does not meet the qualification standards. They suspect that as long as the profit is earned in accordance with the target, the performance improvement is not included in the category of urgent matters. Managers need to be aware of signs of declining performance in their companies such as reduced product quality, many employees who are late to the office and others.

Anwar Prabu Mangkunegara defines the concept of performance as the result of work in quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities given by the leadership. Thus, the successful performance of MSMEs can be seen from the success or failure of the organizational goals that have been set. Performance needs to be considered and evaluated periodically, without having to wait for conditions to be in a bad state [14].

Factors that affect performance according to Robert L. Mathis and John H. Jackson include skills, motivation, support received, relationships with organizations or companies [32].

From the explanation above, it can be said that MSME performance will be achieved when MSME skills (such as HR management, Marketing, Productivity, financial information systems, collaboration with parties that support MSMEs and links with providers of capital assistance by banks or financial institutions) show enhancement.

MSME

MSMEs are business entities owned by individuals or business entities and are stipulated by Law no. 20 of 2008. MSMEs are defined as business ventures carried out by individuals, households, or small business entities. The classification of MSMEs is determined based on turnover, asset wealth and the number of workers. Micro Business is a business with a net worth of IDR 50 million, excluding buildings and land where the business is located, with a maximum annual turnover of IDR 300 million. A small business is a business that has a net worth of IDR 50 million to IDR 500 million, with an annual turnover of between IDR 300 million and a maximum of IDR 2.5 billion. Medium-sized businesses are

under the category of large businesses, which have assets ranging from IDR 500 million to IDR 10 billion, with an annual turnover of IDR 2.5 billion to IDR 50 billion [12].

The Department of Cooperatives and MSMEs of the South Tangerang City Government has determined the steps for its Strategic Plan (2016-2021 period) related to the MSME Management Information System. The steps are (1) Optimizing the human resources of cooperatives and SMEs through the transformation of technology and information, (2) Optimizing information technology applications to support organizational performance, (3) Optimizing the capabilities of cooperatives and SMEs, (4) Optimizing data and information for the preparation of KUMKM development policies, and (5) Optimizing supporting information in order to foster an entrepreneurial spirit [31]. We hope that this plan can be implemented properly.

METHODS

This writing method is carried out in 3 ways, namely: (1) Collecting various data related to MSME Financial SIM both from interviews and related journal studies, (2) Data analysis to explore important points in MSME Finance SIM and its development, (3) Predicting SIM development Finance in the future is mainly related to the performance of MSMEs.

Collected data was carried out by (1) studying several journals, (2) interviews and discussion with member of Commission II of South Tangerang people's representative institution and the chairman of the cooperative and MSME service 2021 [27], and (3) Interviews and surveys of 2 culinary MSME actors and 1 fashion MSME actor.

Next, the author analyzes data related to the MSME financial management information system in the last 5 years, based on the data that has been successfully obtained. And try to make general conclusions about the condition of the MSME financial information system, and analyzing future predictions related to the MSME financial information system.

RESULT AND DISCUSSION

Results of data analysis from surveys, interviews with MSME actors, the Head of the Cooperative and MSME Service and Members of Commission 2 of the South Tangerang People's Representative Council.

1. From the data obtained from the Department of Cooperatives and MSMEs, it is known that the development of the number of MSMEs in South Tangerang has fluctuated due to the Covid 19 pandemic. In 2015 the number of MSMEs was recorded at more than 50,000. Then it decreased by almost 40% to around 33,596. Furthermore, in 2019 it decreased again to 30,889
2. Most of workers who are laid off from the company have decided to switch professions to become MSME actors since the occurrence of massive layoffs and a decline in income and people's purchasing power. Most of the workers who were laid off from the company where they worked. This has led to an increase in the number of MSME players to 90,000 more in 2021. A fantastic growth.
3. It was obtained data that the number of MSMEs in 2021 was 90,128, with details of (1) Micro Enterprises amounting to 77,695, (2) Small Enterprises amounting to 10,966 and (3) Medium Enterprises amounting to 2,062
4. The data shows that 86% of MSMEs in South Tangerang are dominated by Micro Enterprises. The rest are Small Enterprises by 12% and Medium Enterprises by 2%.
5. There are 20 business sectors MSME in the South Tangerang area. Most of them are engaged in the food and culinary sectors. Then followed by other sectors such as fashion and other sectors. the business sector with the lowest ranking is agriculture and plantations.
6. There are very few MSMEs in South Tangerang that are engaged in agriculture and plantations because the South Tangerang area is almost dominated by housing, offices, schools, parks, factories and others.

7. Percentage of MSMEs who sell through digital marketing in South Tangerang is 36.7%. Among them, only around 10% have the ability above average to do digital marketing and manage financial management quite well.
8. There was a decrease in profit and sales turnover with percentages varying between 30%-50%.

The results of data analysis from journal studies related to the MSME Financial Management Information System and its development.

1. Implementation of the MSME financial management information system in the last 5 years has varied, but more are still doing it manually.
2. The transition of the Financial Management Information System towards computer-based digitalization has begun to be carried out by MSMEs, but with various limitations and obstacles, both from the information technology skills of MSME actors and the ineffective efforts made by the Cooperatives and MSME Service.
3. Several efforts towards improving the MSME financial management system have been carried out by the South Tangerang Cooperatives and MSME Service, other independent parties such as students from certain universities by providing some training and guidance on planning, writing, reporting, accounting / financial record.
4. There is motivation and enthusiasm for MSME actors to further improve the quality of their financial management information system.
5. The financial records of MSME actors vary from the simplest in the form of manual recording to using computer systems such as simple bookkeeping whose applications can be downloaded or even designing certain WEBS with certain models such as developing an SDLC (Software Development Life Cycle (SDLC) system with Waterfall method

We hope that efforts to improve MSME financial management will continue to be improved so that it will have a positive impact on improving performance, increasing production and marketing, which in the end will achieve the final result, namely an increase in the economy of the local community. This is the ultimate goal of the state, namely the realization of a just and prosperous society that can compete with other countries.

CONCLUSIONS

From some of the studies and discussions mentioned above, we try to conclude several things as follows:

1. The MSME financial management information system which was initially carried out manually by most MSMEs began to progress gradually towards computerization.
2. We predict that the percentage of MSMEs that implement their Financial Management Information System will continue to grow. So it is expected that the performance and motivation of MSME actors will increase in the next 5 years.
3. Although the increase has not shown a significant number, it can motivate people to keep trying.
4. In the next 5 years, the MSME Financial Management Information System is predicted to improve even more. Thus the performance of MSMEs will be further improved.
5. The internal and external motivation of MSMEs needs to be continuously improved. More simultaneous coordination and encouragement from the government, in this case the Cooperatives and SMEs Service Office and the relevant board members, is a necessity.

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