

Digital Transformation Of MSME Financial Recording Cash Flow Family Business

Sri Hastuti¹, Dwi Ekasari Harmadji², Novita Rifaul Kirom³

¹Management Studies Program, Wisnuwardhana University,
sri.hastutik@wisnuwardhana.ac.id

²Accounting Study Program, Wisnuwardhana University,
dwi.ekasari.harmadji@gmail.com

³Management Studies Program, Wisnuwardhana University ,
novitakirom04@gmail.com

Info Artikel (11 pt)

Received February, 2022
Revised March , 2022
Published March , 2022

Keywords:

*Digital Transformation,
Cash Flow, MSME finance,
Family Business*

Abstract

The purpose of research on digital transformation of MSMEs in financial records is to review MSME cash flows in family businesses and the contributing factors. The qualitative method of explanatory descriptive analysis for the validity of the data uses triangulation of sources and data. Triangulation process with 3 stages, first coding, second axial & selection coding, third conclusion. 14 informants to support the formulation of the problem causing difficulties in financial recording. The results show 7 factors that make it difficult for MSMEs to digitally record their finances. For micro-scale family businesses, digitization of financial records is still very simple. Suggestions for future researchers to provide direct assistance and training to MSMEs regarding digital financial records.

PRELIMINARY

The phenomenon of this 4.0 era or the fourth industrial revolution is a term commonly used for the level of development of the technology industry in the world. For this fourth level era, the world does focus on digital technologies,(Adenia & Husaini, 2019). Many are not ready for manual changes to digital, as is the case with family businesses found in MSMEs in Malang in the laundry business where the research was carried out.The focus of research is on digital transformation of family business financial records in recording cash flow of a laundry service business on a micro scale in Sawojajar Malang.



Laundry business research sites located in Malang City, are one of the micro businesses that fall into the category of MSMEs that are owned by families and their operations are carried out by their own families assisted by employees. This site was chosen because it is the only laundry business that implements digital financial records from 50 laundry in Sawojajar which is connected to a laundry association in the city of Malang.

Previous research on Luthfi's laundry business (2018), service quality of the laundry business, Umar at al (2016), swot analysis of the laundry business, Hoesen at al, (2019), Aulia (2021) application of services to laundry, Mulyadi at al (2019) laundry service marketing system application, Guputera (2020) laundry business planning, Mahardina & Ghina (2018) identification of laundry business innovation and performance. Financial digitization research Hashim, (2013), Ansori (2016), Shinta et.al (2019), Nurfalah, Rusydiana (2019), Wijoyo (2020). However, very few have researched financial digitization in laundry business SMEs because of the difficulty in finding data in the field. Therefore, it is necessary to conduct research with a qualitative approach and extract data as well as in-depth interviews in order to produce a perspective on the meaning of reality based on the experiences, feelings and knowledge of research informants.

Gab research method research Fatwitawati, (2018), Darmawati et al., (2020), Karyani at al (2021), community service head, and Hastutik, (2021) Field research. The current research uses a phenomenological type qualitative approach. Empirical research Gab Hastutik, (2021) research sites differ in location and research focus on cash flow in the laundry service business, previously conducted on service businesses and trade in digital transformation of financial statements.

The results of the study indicate that there are factors causing the difficulties of MSMEs in digitizing financial records, it is known that the types of digital financial records carried out by micro-scale MSMEs are in the laundry service business sector. From the type of recording carried out on the object of research, it is known that the sophistication and simplicity of the inherent type are known. This type of micro-scale financial recording in a family business is quite simple but helps in monitoring cash inflows and outflows for sufficient funds available in the future.

This research contributes to MSMEs by digitally recording financial convenience in analyzing cash inflows and outflows so as to strengthen the financial condition of family businesses on a micro scale.

The novelty of this research is the digital transformation of MSMEs with the type of micro-enterprise that digitizes financial records to make it easier to make cash flow reports for the family business they are engaged in.

RESEARCH METHODS

This study uses a qualitative approach with data collection using observations, interviews, documentation in the form of photos and screenshots (SS) and additional sources from literature studies and previous researchers. Explanative descriptive research aims to describe a problem from a phenomenon accurately and systematically. This descriptive type of research interprets a truth from a science in finance such as concepts, principles, procedures, arguments and financial practices in micro-scale family businesses in the laundry service sector.

Researchers as an instrument where researchers can feel, see directly and experience what is happening to the subject being studied. The researcher as an instrument hopes that the researcher understands the hidden meanings behind the visible reality. The researcher is able to determine when to conclude that the data is sufficient, the data is saturated (data for questions asked at different times, and from different sources, the results of the answers given remain consistent or the same and/or completely new) thus the research data multiplication is stopped. The role of the researcher as a key instrument or key instrument in research because the researcher himself creates, analyzes data, examines, and interprets the results of the research he does. Key instruments are able to collect a variety of information and explore data in depth,

RESULTS AND DISCUSSION

Research result

MSME factors that cause difficulties in digitally recording financials include;

Table 1. Results of research exposure

No	Information	Theme	Category	Draft
1	Informant 4 & 14	Difficult to record financial accounting	1. Having difficulty in accounting records	Various factors cause difficulties in recording family business finances.
2	Informant 3 & 13		2. Minimal understanding of accounting.	
3	Informant 5 & 12		3. Do not understand financial accounting standards	
4	Informant 6 & 11		4. Using the software must be paid.	
5	Informant 1 & 3		5. Already have an accounting software application, but the entry staff does not have the capability of accounting.	
6	Informant		6. Due to the reasons	

	8 & 13		above, his decision is not yet necessary in his business.	
7	Informant 9 & 14		7. Complicated to apply accounting software to company finances	
8	Informant 10 & 12	Digital financial recording cash flow reports	1. Recording is done with manual notes converted to digital	Simplicity of digital financial recording by micro-scale MSMEs in family business cash flow reports
9	Documentation		2. Received transactions that are paid off immediately are included in the daily and monthly deposit reports.	
10	Documentation		3. Received transactions that have not been paid off will go directly to accounts receivable	
11	Documentation		4. Don't have a financial report yet	
12	Documentation		5. Have not implemented financial accounting standards.	
14	Documentation		6. No cash out yet	
15	Documentation		7. Don't have a financial report yet	

Factors that cause difficulties in digital transformation of financial records are difficult to do in the laundry business in Sawojajar, among others;

1. Having difficulty in accounting records
2. Minimum understanding of accounting
3. Do not understand financial accounting standards
4. Using the software must be paid
5. Already have an accounting software application, but the entry staff does not have the capability of accounting.
6. Due to the reasons above, his decision is not yet necessary in his business.
7. It is difficult to apply accounting software to company finances.

- Digital transformation of MSME financial records, family business cash flow
The simplicity of digital financial recording by micro-scale MSMEs in family business cash flow reports resulted in findings;

1. Recording is done with manual notes converted to digital.
2. Received transactions that are paid off immediately are included in the



- daily and monthly deposit reports.
3. Received transactions that have not been paid off will go directly to accounts receivable
 4. Don't have a financial report yet
 5. Have not applied financial accounting standards
 6. No cash out yet
 7. Don't have a financial report yet

Sales transactions have been computerized with the help of accounting software as a financial record of their business. The accounting software features that are owned are complete for use, but limited knowledge of accounting is an obstacle in making financial reports digitally. Digital financial reports will be printed automatically when the data entered is complete. To become a financial report, the data required by the accounting journal. Limited knowledge about journalizing transactions hinders the realization of a financial report.

Discussion

Andarsari & Dura, (2018), the phenomenon of MSMEs in Indonesia in general does not have good financial records.(Adenia & Husaini, 2019)mentioned that many SMEs are not ready to change from manual to digital. The difficulty factor in digital financial recording is due to:difficulty understanding accounting Siagian, (2019), Farwitawati, (2018) low understanding of accounting Sunaryo at al, (2021), Setiyawati & Hermawan (2018), do not understand correct financial accounting standards (Hashim, (2013),Ansori (2016), Shinta et.al (2019), Nurfalalah, Rusydiana (2019), limited budget for using paid accounting software Sumaryo at al, (2017), does not have the ability to journalize Puspitaningtias accounting, (2017), the decision is not yet needed in their business Susanti & Ardyan (2018), and a complicated system of applying accounting software Lianto,(2020), Purnomo & Adyaksana, (2021), Sinarwati, (2017), Ardillah, (2020).

The implications of this study indicate the importance of understanding accounting and company financial records in MSMEs, whether it's a service business such as the laundry business. Limitations in accounting and finance knowledge lead to narrow knowledge of the financial resources owned by the company.



CONCLUSIONS AND RECOMMENDATIONS

Factors that cause financial records are difficult for SMEs in the laundry business in Sawojajar; (1) Feeling difficulty in accounting records, (2) Minimum understanding of accounting, (3) Do not understand financial accounting standards, (4) Using software must be paid for, (5) Already have accounting software applications but the entry personnel do not have the capability regarding accounting, (6) Due to the reasons above, the decision is not necessary in his business, (7) It is complicated to apply accounting software to company finances. Family business financial records are still very simple, but can help owners to find out the cash flow of a business they are engaged in. The cash flow of a business can be known to increase or decrease the amount of money owned by a business. Limitations in accounting and financial knowledge lead to narrow knowledge of the financial resources owned by the company which can result in bankruptcy. Suggestion With the limitations of good financial records allows for difficulties in analyzing the future development of a business. It is recommended that in the future after this research, special assistance and training can be carried out for MSMEs for the application of accounting software so that they have good financial records to financial reports. For future researchers, it is necessary to provide guidance, assistance and socialization (community service) for MSMEs about the importance of recording company finances according to financial accounting standards. With the assistance in accounting application, feedback from this assistance can be re-examined in the application of accounting and corporate finance to the MSMEs of the laundry business.

THANK-YOU NOTE

The author would like to thank Wisnuwardhana University which has provided great support for this work until it was published. The author would also like to thank the anonymous referee for constructive comments on this paper.

REFERENCES

- Adenia, QS, & Husaini, A. (2019). Analysis of the Application of Digitizing Financial Statements in Small Business (Study on Small Culinary Business in Denpasar City). *Journal of Business Administration*, 72(2), 110–119.
- Andarsari, PR, & Dura, J. (2018). Implementation of financial records in small and medium enterprises. *Scientific Journal of Asian Business and Economics*, 12(1), 59–65.
- AYU. (2018). DIGITAL TRANSFORMATION AS AN ADAPTIVE EFFORTS TO INCREASE INCOME IN THE DISRUPTION ERA [ALUDDIN STATE ISLAMIC UNIVERSITY MAKASSAR]. <http://repositori.uin->

alauddin.ac.id/13571/1/DIGITAL TRANSFORMATION AS AN ADAPTIVE EFFORT IN.pdf

- Darmawati, D., Dizar, S., & Harahap, CD (2020). Increasing the Effectiveness of Compiling Simple Financial Statements for the Indonesian Laundry Entrepreneurs Association (Hipli). *Journal of Independent Empowerment*, 2(2), 366–375. <https://doi.org/10.31316/jbm.v2i2.696>
- Fatwitawati, R. (2018). *Financial Management for Micro, Small and Medium Enterprises (UMKM) in Airputih Village, Tampan District, Pekanbaru City*. Sembadha, 32.
- Hasan, M., Dzakiyyah, A., Kumalasari, DA, Safira, N., & Aini, SN (2021). Digital Transformation of MSMEs in the Culinary Sector in Jatinegara Village, East Jakarta. *Journal of Business & Entrepreneurship*, 17(2), 1–15.
- Hashim. (2013). TRANSFORMATION OF ACCOUNTING AND FINANCIAL DATA TOWARDS THE DIGITALIZATION ERA. *Journal of the State Polytechnic of Ujung Pandang*, 1–16.
- Juita, V. (2016). Utilization of Accounting Information Systems in Micro, Small and Medium Enterprises (MSMEs) in the Trading Services Sector In Padang, West Sumatra. *Journal of Integrated Accounting Research*, 9(1), 120–139. <https://doi.org/10.35448/jrat.v9i1.4291>
- RAKHMAN. (2019). Qualitative data. [http://eprints.umg.ac.id/3035/4/BAB III.pdf](http://eprints.umg.ac.id/3035/4/BAB%20III.pdf)
- sailendra. (2020). ETAP and Android-Based MSME Financial Management to Improve Business Performance Efficiency in the New Normal Covid-19 Era. 1, 110–120. [https://doi.org/DOI: https://doi.org/10.30874/capacitarea.2020.2](https://doi.org/DOI:10.30874/capacitarea.2020.2) Governance
- Umami, N. (2019). The Role of Financial Management in Batik Micro, Small and Medium Enterprises (MSMEs) in Advancing the Entrepreneurial Sector. *JPEK (Journal of Economics and Entrepreneurship Education)*, 3(1), 1. <https://doi.org/10.29408/jpek.v3i1.1387>
- Umk, DAN, & Karyani, E. (2021). DIGITAL TRANSFORMATION AND HALAL INDUSTRY
- wantiknas. (2020). DIGITAL TRANSFORMATION Un UMKM (National ICT Council (ed.); October 20). [https://www.wantiknas.go.id/wantiknas-storage/file/img/ebuletin/20201119_e-Buletin Wantiknas_Digital Transformation for MSMEs_Edisi 10.pdf](https://www.wantiknas.go.id/wantiknas-storage/file/img/ebuletin/20201119_e-Buletin%20Wantiknas_Digital%20Transformation%20for%20MSMEs_Edisi%2010.pdf)
- DIGITAL PHENOMENON OF THE INDUSTRIAL REVOLUTION ERA 4.0 - Farid Abdullah - [Vol 4, No 1 \(2019\)>Abdullah](#) - *Journal of Visual Arts and Design DKV Dimensions*, Volume 4, Number 1, April 2019, pp 47-58
<https://www.jurnal.id/id/blog/example-cash-flow/>