

Exploration of Computerization Transition in Financial Reporting: Case Study of MSMEs Ayam Geprek Akbar Pare

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Article Information

Abstract

Submission date	23 December 2024	Research objectives: The purpose of this study is to explore the transition of conventional to digital financial reporting systems in Ayam Geprek Akbar Pare MSMEs.
Revised date	4 January 2025	Method: This research uses a qualitative method with descriptive. Data collection techniques were carried out through direct observation and in-depth interviews of financial reporting activities in the field.
Date received	4 February 2025	Research Findings: The findings in this study reveal that the computerized financial reporting system at Ayam Geprek Akbar Pare has had a significant positive impact on the effectiveness, operational efficiency and accuracy of financial reporting. Theoretical contribution/Originality: This research makes an important contribution in identifying the perceived benefits in this computerized financial reporting system process. Implications of Practice / Policy: The results of this study can serve as a guide for other businesses facing similar challenges, as well as provide input for financial technology developers to create solutions that suit the needs of MSMEs. Research limitations: This research is limited to the financial reporting of Ayam Geprek Akbar Pare MSMEs. Keywords: Transition, Financial Report, Computerization

1. Introduction

The progress of the times today, with the rise of digital technology sophistication has become an important role in facilitating in various business sectors. Digitalization of the financial reporting system is a form of technological development that has great energy to increase the efficiency, openness, and accuracy of financial statement information. However, there are still many MSMEs that still use manual systems in financial reporting. Therefore, a digital financial reporting system is needed in MSMEs to make it easier to present financial reports [1].

Financial reports are a very important tool in obtaining information about the status and financial performance of a company, so financial reports are expected to function in helping users make financial decisions [2]. Then a company should study and understand financial reporting well in order to get an overview of the operational effectiveness of an MSMEs whether it is profitable or not [3]. In general, financial reports carried out in several MSMEs are still based on manuals, this is inversely proportional to technological advances[4].

Digital technology is a method that is both complex and flexible. These characteristics make it very important and inseparable from human life. In various aspects, digital technology comes as the main solution to speed up activities and facilitate communication. Therefore, digital technology is now an essential part of everyday life[5].

The utilization of current advances in digital technology in various business activities to develop business models through the development of business data, digital applications and digital system prototypes and all of this is often termed digital transformation according to Kamsker et al., 2020[6]. Digital transformation as part of society's economic trends opens up opportunities for MSMEs to grow by utilizing the latest digital processes and tools, including developing global and sustainable small businesses with technology[7].

Through a computerized system, all financial transactions both income and expenses can be recorded automatically and in real-time, making it easier to prepare reports such as balance sheets, income statements, and cash flows [8]. Not only that, the use of this system also increases data security, minimizes human error, and supports more precise and actual databased business decision making [9].

As MSMEs Ayam Geprek Akbar Pare still use a conventional system in financial reporting. Because based on the results of preliminary observations, the financial reports that are carried out still use a conventional system that hinders the structure and timeliness of submitting reports to the accounting department due to regional differences, which in turn makes it difficult for management to obtain an accurate and relevant financial picture. Therefore, the transition to a digital system in financial reporting is a strategic step in maximizing company operations and minimizing excessive costs.

1.1. Problem Statement

How is the transition to a computerized system in financial reporting faced by Ayam Geprek Akbar Pare MSMEs?

1.2. Research Objectives

The purpose of this study was to explore the transition from a manual financial reporting system to a computerized system in Ayam Geprek Akbar Pare MSMEs.

2. Method

This research uses descriptive qualitative research[10]. This research method is used to provide an explanation and discussion of research findings with a focus on the process of



switching financial reporting systems from manual to digital. This type of research aims to understand the experiences, challenges and benefits faced by Ayam Geprek Akbar Pare MSMEs during the transition.

Data collection in this research starts from primary and secondary data sources. Primary data collected directly from the main source through in-depth interviews with informants from Ayam Geprek Akbar. While secondary data is obtained from documentation data sources, voice recordings or interview transcripts.

Selection of informants in qualitative research is an important process to ensure that the data obtained is relevant and in-depth. A technique often used is purposive sampling, in which the researcher intentionally selects individuals who are considered to have relevant knowledge, experience, or views.

The criteria for informants in the study are in the form of a table containing informant data as follows:

No	Name	Age	Position
1	Ny. E	56 years old	Business owner
2	Mr. B	24 years old	Supervisor
3	Ny. I	27 years old	Accounting

Source: Author's Data 2024

The selection of informants in this study was done purposively by considering their relevance, role and experience to the phenomenon under study. Mrs. E, the 56-year-old business owner, was selected because of her role as the main decision-maker in the business. Her experience and insight provided a strategic perspective on the business management process, including the financial reporting system. Mr. B, a 24-year-old supervisor, was selected because of his position at the front line of business operations. As a liaison between management and operational staff, he has first-hand understanding of the challenges of implementing the existing system. Meanwhile, Mrs. I, a 27-year-old accountant, was chosen for her specific role in handling financial reporting. Her experience and expertise are highly relevant to provide in-depth information on the technical details and constraints faced in the manual reporting system. This combination of informants is expected to provide a comprehensive picture from various perspectives, both strategic, operational, and technical, related to the phenomenon under study.

In this study, the data analysis technique used refers to the theory proposed by Miles and Huberman. The analysis process begins with data reduction, which is filtering, selecting, and simplifying the raw data that has been collected to focus on information that is relevant to the research objectives. After the data has been reduced, the next step is coding or theme formation. At this stage, data is categorized into certain thematic groups to make it easier to find patterns, relationships, or meanings contained therein. Then the conclusion is drawn, where the researcher formulates the final findings based on the results of the interpretation of the data that has been analyzed.



To ensure the validity of the research results, researchers applied source triangulation and method triangulation techniques. Source triangulation is done by comparing and confirming data from different sources or informants, so as to produce more accurate and reliable data. Meanwhile, method triangulation was carried out by using various data collection techniques or methods, such as interviews, observation, and documentation, to test the consistency of research findings from various approaches.

3. Results and Discussion

3.1 Result

The results of this study are based on in-depth interviews with three informants who represent different perspectives on the transition from manual to digital systems in financial reporting. The field data includes the opinions and experiences of the informants, namely business owners, supervisors, and accountants.

The results of interviews conducted by researchers are presented as follows :

Researcher: What do you think about the development of digitization in financial statements?

Business owner: In the current era using a digital system is **easier, faster**, so actually it should be able to lead to it.

Supervisor: In my opinion, digitization is very important for reports to be more **effective and efficient** and **shorten the preparation of reports**.

Accounting: With the digitization of financial statements, the reports themselves are **efficient, effective, shorten the time, and the reports are more accurate in their calculations**.

Researcher: In your opinion, what are the benefits that can be obtained from digitizing the financial reporting system?

Business owner: Its **accuracy, speed, makes it easier to check and easier to compile**.

Supervisor: In my opinion, the benefits of a digital financial reporting system can **shorten operational time and speed up the results of financial reports**.

Accounting: **Shorten time, time efficiency, concise and reduce costs** because usually when using manual reports you have to spend costs such as photocopying and others, finally it can be cut by using files.

Researcher: Do you feel there is an urgent need to switch to a digital system? If yes, why?

Business owner: Yes, it is quite urgent because we have to keep up with the times and go in that direction.

Supervisor : Yes because I feel that when using a manual system we make a lot of unintentional mistakes and it takes quite a long time so we need to use a **digital system to minimize errors that often occur and to shorten the time**.

Accounting: Yes, because we are following the times now everything is **digital to make it easier for us to access time efficiency** both from management from the director, moreover the business owned by the director has more than one store and is spread across several cities so it is very necessary.



Researcher: How is the financial data that was previously recorded manually integrated into the digital system?

Business owner: With manual reports that were previously still writing on paper with the distribution of reports that have been grouped according to the arrangement of financial reports from management, then the supervisor creates his own tamplate in the software by adjusting the manual report.

Supervisor: For data that was previously in the manual, we adjusted the grouping section to be moved to the digital system.

Accounting: Financial data that was previously recorded manually will be sent to me in the form of sheets and proof of transactions after that I just enter it into the system that has been made for financial reporting.

Researcher: How do you ensure the accuracy of the data inputted into the digital system?

Business Owner: There is a formula used by the accounting department to see the accuracy of the data, so there is a formula, for example if the formula is too large or too small to evaluate whether the data entered is accurate or not and see the notes or data inputted whether it is correct.

Supervisor: For the accuracy of the input data, we recheck the data when working on the report which will then be checked by the accounting department to ensure that the report is correct, if there are errors, they will be reminded and corrected immediately.

Accounting: To ensure the accuracy of data into the digital system is by looking at the proof of the note, even though we have moved to digitization but there is still evidence such as cash in, cash out, so everything must have proof to ensure accuracy

Researcher: What are the technical obstacles that arise during the transition process from manual to digital systems?

Business owner: The ability of the operator needs to be improved, what fields or reports need to be prepared so that they can be more integrated between the store and management can be connected so it still needs to be improved, while from the device sometimes there are errors.

Supervisor: For technical constraints from human error, it can occur due to errors when inputting data or not being careful, and also from laptops when an error occurs which is an obstacle to the financial reporting process.

Accounting: The first obstacle arises from understanding human resources because there are basic errors that will automatically affect the end, therefore every day periodically I always monitor so that if there is an error it is immediately detected. The second is constraints on the device, sometimes the device is automatically erroneous and constrained in its reporting.

Researcher: Does the device or technology currently used meet the needs of financial reporting? If not, what are the shortcomings?

Business owner: Now we are still using a laptop with the excel application, for now it can still fulfill and if for reports only using a laptop is enough.



Supervisor: For the devices we use, it is considered fulfilling in the reporting process for now.

Accounting: For the reporting device, it is fulfilling but sometimes there are errors so it must be repaired first and then continue our performance.

Researcher: How are efforts made to overcome these technical obstacles?

Business Owner: We coordinate between the store and management to equalize perceptions, so what are the reports needed by management and feel that the store has not fulfilled which then the store can adjust.

Supervisor: Discussing with accounting to agree to choose a middle ground so that there is no miscommunication and we can learn more about digital systems in order to minimize technical obstacles that often arise.

Accounting: Periodic checks on the understanding of human resources about this digital system to ensure progress in the process.

Researcher: Are there any additional costs for device repairs or upgrades during the transition?

Business owner: Yes, there are software repairs that have experienced problems due to errors, so we incurred costs to repair the device.

Supervisor: We are still spending on device repairs only.

Accounting: Additional costs for device repairs for others, I don't think it requires any costs.

Researcher: How do you compare the time needed to complete the financial statements before and after the implementation of the digital system?

Business owner: In terms of time, **it is faster to use the digital system** than the manual system.

Supervisor: We feel there is a significant comparison of the time required, so when we were still using the manual system we needed quite a lot of time and when we have **implemented a digital system the time to complete the financial statements is much faster** because of the features in the digital system device can be set automatically calculate the input data and do not need to calculate manually.

Accounting: The way I compare the completion of the financial statements because currently it is still in the transition period, I think that when it was manual and now **using digital is shorter** now, when it was manual, we closed the report every time we changed the period, it took more than 9-10 days, now it can be shortened after closing the report, it only takes 1 day to complete.

Researcher: Does the use of digital systems reduce workload?

Business owner : It has been quite helpful, **around 60% of the workload has been reduced with this digital system**, because first of all the human resources are still learning, the management is also still learning.



Supervisor: In my opinion, it **helps reduce the workload** because the supervisor's job is not only to focus on doing reports but also to focus on managing the operations of the digital system, which has helped cut time.

Accounting: **The digital system helps reduce the workload** because there are several that have been linked so they only need to input according to the actual data, according to the existing notes so that the digital system reduces the supervisor's workload for reporting so that the supervisor can be more productive in the operational process.

Researcher: To what extent does the digital system help in reducing errors in financial reports compared to the manual method?

Business owner: It depends on the accuracy of the person inputting the data, so when inputting data you can be careful it can reduce errors during the reporting process, so it is quite helpful but not optimal.

Supervisor: In my opinion, it is quite helpful, but I still double-check the data that has been inputted to make sure there are no errors, because if an error occurs, it will affect the results of the next report.

Accounting: If the calculation process is still manual, sometimes there are still errors in the numbers, in terms of accounting collecting data we have to recalculate so we work twice, whereas if we use a digital system we can directly use formulas so we can minimize calculation errors and reporting errors.

Researcher: Does the digital system allow for easier monitoring of financial reports?

Business owner: Yes, because if you **use a digital system it is easier to see errors or discrepancies in reports, which then makes it easier for management to monitor financial reports.**

Supervisor: Yes, it is **very possible to make it easier because it can oversee financial progress.**

Accounting: **It is easier and more directed because with the digital system the report will quickly reach me so that when I conduct an audit I have received the report** and can already observe how the finances of the store are, so it can be more **controlled**, can be more **detailed financial reports.**

Researcher: How does the implementation of digital systems support operational sustainability in managing financial reports?

Business Owner: With this digital system, it is hoped that it can support 100% operations because by looking at financial reports we can take tips to optimize future operational activities.

Supervisor: By using a digital system that is constantly updated, it can facilitate the operational system in processing financial reports in the hope of advancing operations in this business.

Accounting: The role itself is to increase the effectiveness of financial reports which will optimize the operational process in the future.



Based on the results of the interview, the researcher gets the main idea of the implementation of digitalization in financial reporting as follows:

1. **Computerization System as an Improvement in Effectiveness and Efficiency of Financial Reporting**
2. **Computerization System as a Tool to Minimize Errors**

3.2 Discussion.

Computerization System as an Improvement in Effectiveness and Efficiency of Financial Reporting

In the interviews, respondents said that the implementation of a computerized system in financial reporting can improve work effectiveness and efficiency. The computerized system allows the recording and reporting process to be carried out more quickly, structured, and easily accessible by all business branches. With a computerized system, financial data can be obtained in real-time, so that decision-making by management becomes more timely.

This finding is in line with the results of previous research with the title “Effectiveness and Efficiency of the Use of Computerized Accounting Information Systems at Perumda Tirta Manuntung Balikpapan”, which concluded that the use of digital systems provides key benefits including increased operational efficiency and better access to real-time financial information, as well as enabling MSMEs to manage businesses more efficiently and make timely business decisions [11].

Therefore, it can be concluded that Ayam Geprek Akbar Pare gained similar benefits through the implementation of a computerized system, which not only improved operational efficiency but also supported more informed financial decision-making.

Computerization System as a Tool to Minimize Errors

The interview also revealed that digitization plays an important role in reducing the potential for human error in financial recording. Errors that often occur in conventional systems such as negligence in recording transactions, inaccurate calculations, or data loss due to physical damage to notebooks, can be minimized through the use of computerized systems. Digital technology is generally equipped with automation features, as well as data backup, so that the information stored is more accurate and secure. Therefore, a computerized system is an important solution in improving the accuracy of financial data.

This finding is in line with the results of a previous study entitled “IMPLEMENTATION OF SIMPLE CASH FLOW REPORTS USING COMPUTERIZED SYSTEMS AT M3L FRIED CHICKEN PRAMBON SIDOARJO”, which states that accounting digitization not only improves operational efficiency, but also significantly reduces financial statement recording errors [12].

With the adoption of a computerized system, Ayam Geprek Akbar Pare can record transactions through a computerized system with automatic calculations, reduce human error, and ensure that financial report data is neatly stored and easily accessible. This proves that digitalization plays an important role as a tool to improve accuracy and efficiency in managing financial reports.



4. Conclusion

Based on the results of the study, it was found that the transition of the conventional financial reporting system to a computerized system at Ayam Geprek Akbar Pare MSMEs can increase the effectiveness and efficiency of financial reports, besides that this transition can also minimize errors that often occur in manual reports.

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