PROCEEDING ICONIES
FACULTY OF ECONOMICS
UIN MAULANA MALIK IBRAHIM MALANG
P-ISSN: 2476-9851 / E-ISSN: 2541-3333

DESIGNING ACCOUNTING INFORMATION SYSTEMS TO OPTIMIZE FINANCIAL MANAGEMENT IN HANDBAG CRAFT MSMES IN BALI

Sisi Salsabila[1], Yuniarti Hidayah Suyoso Putra[2],
[1,2]Faculty of Economics, Universitas Islam Negeri Maulana Malik Ibrahim Malang
Jl. Gajayana No.50, Dinoyo, Malang City, East Java, 65144, Indonesia
yuni@akuntansi.uin-malang.ac.id

ABSTRACT
This research aims to design an Accounting Information System (AIS) to optimize financial management at MSME Mozzare Shop, a woven bag craft manufacturer in Bali that has penetrated the global market. Despite success with online sales strategies during the pandemic, Mozzare Shop still relies on unstructured manual financial records, making it difficult for owners to understand financial conditions accurately. This research is qualitative research with a case study approach. Data was collected through interviews, observations, and document analysis; the AIS design developed is based on the financial management system. The implementation of this AIS is expected to improve operational efficiency, recording accuracy, and transparency of Mozzare Shop's financial information, thereby supporting informed business decision-making and sustainable growth in the global market. Recommendations are proposed in this paper.

Keywords: Accounting Information Systems, Financial Management, MSME, Mozzare Shop, Business Decision Making.

INTRODUCTION

Micro, small, and medium enterprises (MSMEs) can optimize their financial reports through digitization, training, and mentoring programs. Research shows that MSMEs face challenges in utilizing digital financial reporting systems due to limited resources, lack of understanding, and concerns about data security (Susilowati et al., 2023). In the province of Bali, which is famous as a tourism hub, it seems to have experienced a decline in tourism as a consequence of the ongoing pandemic. According to statistics provided by the Ministry of Cooperatives, it has been documented that 1,785 cooperatives and 163,713 SMEs were negatively affected by the COVID-19 outbreak. The majority of the cooperatives affected by the pandemic are concentrated in the essential commodities domain, while the food and beverage sector stand out as the most affected in the MSME domain. In addition, the Ministry of Cooperatives and SMEs has articulated that cooperatives involved in services and manufacturing are facing significant challenges due to the COVID-19 pandemic. Administrators of these cooperatives have reported a decrease in sales, capital shortages, and disrupted distribution channels. Conversely, the creative industries and agricultural sectors within the MSME landscape are also bearing the brunt of the impact brought about by the COVID-19 crisis (Regional Research, Development and Innovation Agency, n.d.).

MSMEs play an important role in Indonesia's job market by providing employment opportunities and contributing to economic growth. Despite facing challenges and obstacles, MSMEs are critical to sustaining people's livelihoods and supporting the Indonesian economy, especially during the crisis (Susilowati et al, 2015; Susilowati et al, 2023). The province of Bali, which relies on the tourism sector, was very shaken because of Covid-19. However, with various efforts made by the local government, the Balinese economy has now gradually recovered and MSMEs have a big share in reviving the Balinese economy. MSMEs have the potential to be developed in terms of business capacity, product quality, and product marketing expansion. Therefore, the Ministry of Finance, which is tasked with organizing government affairs in the field of state finance and state assets, continues to provide facilities and instruments to support MSME players (Ulum, 2022). Efforts to support and develop MSMEs are essential to ensure their continued positive impact on the labour market and the Indonesian economy as a whole (Oktariani et al., 2023).

An Accounting Information System (AIS) is one of the important components of effective financial management. AIS can help MSMEs better manage their finances and monitor and control cash flow. The quality of the accounting information system also has a positive impact on the quality of accounting information in MSMEs, helping entrepreneurs make decisions by providing reliable information (Ramadhan et al., 2022). However, many MSMEs, including Mozzare Shop, have not utilized AIS optimally. Therefore, it is necessary to design an AIS that suits the needs of Mozzare Shop to improve its financial management. Including financial records is very important for any business. However, MSME players, which are still dominated by micro and small businesses, often ignore this. It is essential to record all business income and expenses every day so that they can be controlled properly (Ningtyas, 2022).

The implementation of AIS plays an important role in efficiently managing the production, purchasing, and sales processes. The system assists in managing finances, preparing financial reports, and improving internal controls. The research also emphasizes the advantages of utilizing AIS to optimize the management of revenue and expenditure activities, including procurement, purchase of raw materials, payroll, and generation of financial reports. Through the utilization of technology-driven AIS, MSMEs have the potential to increase their managerial capacity, improve decision-making procedures, and establish an open and accountable financial disclosure system, thereby promoting the overall victory and resilience of their enterprises (Wicaksono et al., 2022).

MSME Mozzare Shop, a producer of high-quality woven bags in Bali, faced similar challenges. Despite penetrating the global market and achieving success through online sales strategies during the COVID-19 pandemic, MSME Mozzare Shop had not prepared financial reports for almost six years and still relied on unstructured manual financial records. This makes it difficult for owners to accurately understand the financial condition of their business and make the right decisions for sustainable business growth. Mozzare Shop MSMEs face significant challenges in managing their business finances. The main problem lies in the absence of a structured and consistent financial recording system. The recording of transactions, both receipts and expenditures, was not done properly. The owner did not separate his business finances from his finances, resulting in a mixture of funds that could lead to losses. In addition, Mozzare Shop does not prepare standard financial statements such as income statements, balance sheets, and cash flow statements. This makes it difficult for the owner to monitor the financial performance of the business accurately. Inventory management is also a problem because there is no recording of the entry and exit of raw materials and finished goods and no recording of accounts receivable and accounts payable. These weaknesses in financial management can hinder proper business decision-making and potentially lead to losses for Mozzare Shop MSMEs. Lack of knowledge among business operators often stems from the owner's inability to create and update financial reports (Almahdali & Djawa, 2018).

Based on the background of the above problems, this study aims to analyze and design an accounting information system to optimize financial management at Mozzare Shop MSMEs. Mozzare Shop is a manufacturer of high-quality woven bag crafts in Bali that has penetrated the global market. Despite having achieved success through an online sales strategy during the COVID-19 pandemic, Mozzare Shop has not had manual and unstructured financial records. This made it difficult for the owner to accurately understand the financial condition of the business and make the right decisions for sustainable business growth. By designing an appropriate and integrated accounting information system, it is hoped that Mozzare Shop MSMEs can improve operational efficiency, accuracy of financial records, and transparency of financial information. The results of this research are expected to be an alternative solution in conducting financial management.

LITERATURE REVIEW

In this section, relevant literature on accounting information systems will be discussed. An Accounting Information System is a system that collects, stores, and processes financial data and provides useful information for users in making decisions. AIS not only supports operational activities but also assists management in planning and control. In the context of MSMEs such as Mozzare Shop, AIS is important to improve efficiency and accuracy in the production and accounting processes. Rama (2008: 6) stated that an accounting information system is a subsystem of SIM (Management Information System) that provides accounting, financial, and other information obtained from the the routine processing of accounting transactions, while Mulyadi (2016) underlined that Accounting Information System (AIS) is a system that collects, records, stores, and processes data to produce information that is useful for decision-making, both for internal and external parties of the company. Mulyadi emphasized that SIA not only functions to produce financial reports, but also provides information that is relevant for planning, controlling, and evaluating company operations.

Overall, an Accounting Information System (AIS) is a system that integrates information technology and accounting practices to manage a company's financial transaction data. AIS supports management functions by providing accurate and relevant information for decision-making, planning, and operational control. In the context of MSMEs such as Mozzare Shop, effective AIS implementation can improve efficiency and accuracy in financial management and support business growth and sustainability.

THE ROLE OF ACCOUNTING INFORMATION SYSTEMS

Accounting information systems play an important role in organizations by converting data into valuable information for decision-making (Meliana Yuli, 2023). Accounting information systems play an important role in companies by collecting, processing, and providing financial information to internal and external parties These systems are designed to collect and store data on various company transactions such as purchases, sales, cash disbursements, and cash receipts. They help oversee all financial activities of the company, ensure proper control over the organization's assets, and present financial data accurately. The main objectives of accounting information systems include supporting management functions, assisting in the decision-making process, and facilitating day-to-day operations within the company (Lisanti et al., 2020).

DESIGNING ACCOUNTING INFORMATION SYSTEMS

Designing an effective Accounting Information System (AIS) requires a deep understanding of the various concepts, approaches, and best practices that have been described in academic and professional literature. Romney and Steinbart (2015) suggest that the first step in designing an AIS is to conduct a comprehensive needs analysis. This includes identifying the information needs of various stakeholders, including management, auditors, and shareholders, The step emphasizes the use of system modeling to design the structure and flow of data in the AIS. Techniques such as Data Flow Diagrams (DFDs) and Entity-Relationship (ER) diagrams are often used to illustrate the relationships between system components. The selection of appropriate technologies, including software and hardware, is critical to support AIS functions. Integration with other information technologies, such as Enterprise Resource Planning (ERP), should also be considered to improve efficiency and data consistency according to O'Brien dan Marakas (2011)**.**

Previous study of the design and implementation of Search Engine Optimization (SEO) in Micro, Small, and Medium Enterprises (MSMEs) enhances existing knowledge by showing that even small businesses can significantly benefit from SEO techniques to increase their online visibility and website traffic, which is crucial for attracting potential customers and increasing sales (Suta Adya Dharma Rahadi et al., n.d.).

FINANCIAL INFORMATION.

Useful financial information for businesses includes several key characteristics and types that aid effective decision-making and strategic planning. First, financial information must be understandable, relevant, reliable, and comparable to be useful in the management system, as these qualities ensure that stakeholders, especially investors, can make informed decisions (Spătărelu & Petec, n.d.). Financial accounting information, such as financial statements, is beneficial to businesses because it provides important data on company performance, cash flow, and overall financial health. This information helps management in the process of decision-making, planning, controlling, and problem-solving within the company. Financial data obtained from accounting transactions is especially important for small and medium-sized enterprises (SMEs) because it helps in evaluating the company's ability to generate cash, timing, and certainty of cash flow, which ultimately contributes to the sustainability and success of the business (Adisetiawan, 2017).

MSMEs

Definition of MSMEs According to Law, No. 20 of 2008 concerning MSMEs. In the Law, it is stated that MSMEs are by the type of business, namely micro-businesses, small businesses, and medium businesses. The definition of MSME is a productive business owned by individuals or business entities that have met the criteria for micro businesses. MSMEs (Micro, Small, and Medium Enterprises) are a very important sector in the national economy according to researchers. MSMEs play a major role in Indonesia's economic activities, contributing significantly to Gross Domestic Product (GDP), non-oil and gas exports, and employment, and were proven to fail during the 1998 economic crisis (Tholib et al., 2023). According to Tambunan (2013), MSMEs are independent productive business units, which are carried out by individuals or business entities in all economic sectors. Based on the above definition, it can be said that MSMEs are individually owned-businesses that have an important role in a country's economy.

METHODS

This qualitative research uses a case study approach at Mozzare Shop. Data was collected through in-depth interviews with the owner of Mozzare Shop, observations related to financial processes, and analysis of existing financial documents. In this study, some of the informants involved include: 1) Mr. Musarri is the owner of Mozzare Shop MSMEs; Mr. Musari is the main resource person who can provide comprehensive information related to Mozzare shop; 2) Sofyan is an employee who provides information related to the production process and inventory; 3) Syauqi Ramdan is an informant who provides information related to sales transactions. By involving these sources who are directly involved in the operations of Mozzare Shop MSMEs, it is hoped that this research can obtain comprehensive and accurate information regarding organizational structure, financial management, production processes, and sales systems.

Data analysis is also carried out with a descriptive approach to identify problems and find relevant solutions. The qualitative data analysis process is a systematic step that helps researchers process and understand the data that has been collected. In this approach, researchers need to go through a series of stages to ensure the data can be analyzed appropriately, according to (Miles and Huberman, 1994). Data analysis includes four stages, namely data collection, data reduction, data display, and conclusion. To ensure data validity, triangulation of sources and methods will be carried out by comparing information from various sources and using various data collection methods.

RESULTS

The design of a comprehensive Accounting Information System (AIS) that is in accordance with the needs of Mozzare Shop MSMEs in optimizing their financial management is designed to overcome various deficiencies in the financial recording system that has been used so far. Based on an in-depth analysis of the problems faced by Mozzare Shop, it was found that Mozzare Shop still faces problems in its financial management namely: First, financial recording is still done manually and unstructured. Receipt and expenditure transactions are not recorded properly, making it difficult to monitor cash flow accurately. Second, there is a combination of the owner's finances with business finances. This can lead to the mixing of funds that should not occur and potentially cause losses to the business. Third, the lack of transparency of financial information makes it difficult for owners to clearly understand the financial condition of the business. Mozzare Shop does not prepare standard financial statements such as income statements, balance sheets, and cash flow statements, making it difficult to analyze financial performance and make informed business decisions.

The AIS design is tailored to the needs of Mozzare Shop to improve its financial management. The design of this AIS consists of several components, namely, Revamping the organizational structure; this structure is designed to define clear duties and responsibilities in every aspect of the Mozzare Shop MSME business. Mr. Musari, as the owner, will serve as Director responsible for strategic decision-making, product development, and customer relations. Under the leadership of the Director, a Warehouse Section will be formed to manage production, inventory, and control of raw materials. The Finance Department will manage documentation, record transactions, and prepare financial reports. The Sales Department will manage orders from various channels, payments, and order confirmations. The Marketing Department will conduct market research and promotions, manage social media, and collaborate with other parties to expand reach. With a clear structure, Mozzare Shop MSMEs are expected to improve efficiency and productivity and maintain product quality according to its reputation. The proposed organization structure is depicted in Figure 1. Whilst, the recommended task and authority analysis is described in Table 1 to create strategic work flow and avoid double jobs.

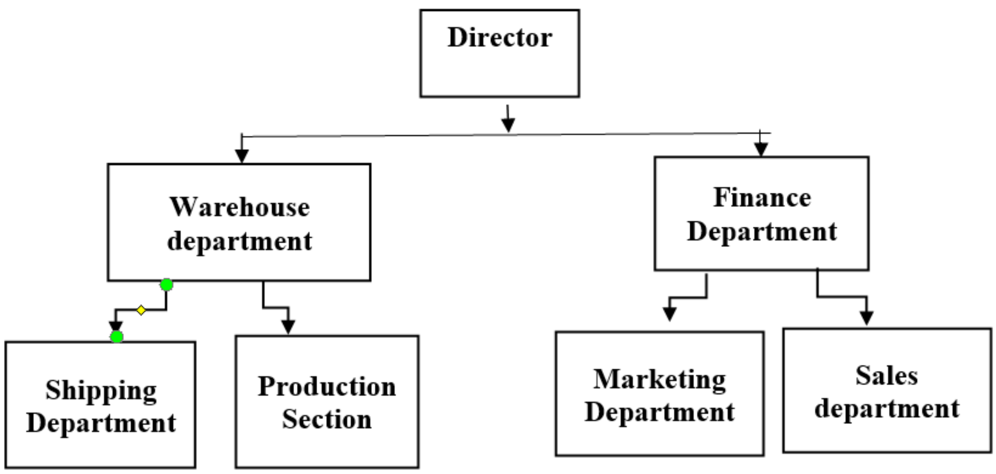

Figure 1. Organizational Structure
Source: Mozzare Shop (2024)

Furthermore, several obtacles have been identified which will be discussed as follows. After analyzing the raw material purchasing system at MSME Mozzare Shop, several important problems were found that could interfere with the efficiency and accuracy of inventory management. MSME Mozzare Shop does not have a neat stock recording system for stock monitoring, purchase order monitoring, accurate inventory tracking, and clear inventory management. They also lack accurate inventory tracking, risk assessment, and inventory management. These issues indicate that MSME Mozzare Shop needs to implement a better and more structured record-keeping system.

Table 1. Job Descriptions in the Organizational Structure

Position Name	Duties and Authorizations
Director.	Strategic decision-making
	Product development
	Relationship with customers
	Production process management
Warehouse Section	Raw material management
	Raw material control
Production section	Receive order list
	Checking ordered goods
	Make an order
	Packaging of goods
	Submit to the shipping department.
Shipping section	Create a delivery receipt.
	Receive goods from the production department.
	Send the goods to the shipping service.
Finance department	Billing
	Bookkeeping
	Financial reporting
Sales department	Receiving orders
	Create an order list.
	Order confirmation
	Manage sales transactions
Marketing department	Market research
	Product advertising and promotion
	Managing social media
	Cooperation with other parties

Source: Processed Data (2024)

Thus, to help MSMEs Mozzare Shop optimize financial management and business operations, a comprehensive and integrated Accounting Information System (AIS) design is recommended, which includes a purchasing system, production system, and sales system. The system: First, the Purchasing system includes the Raw Material Purchase to record raw material stocks in detail, record details of purchase orders (PO) from suppliers, and record every raw material purchase transaction in detail. Second, in the production system, several significant problems were identified that hinder the efficiency and effectiveness of the production process at MSME Mozzare Shop. These shortcomings cover a range of important aspects that need to be rectified to improve overall production performance. These include a lack of structured planning and planning, inefficient use of resources, limited production activities and resource utilization, insufficient analysis of production costs, inadequate quality control, and deficient analysis of production data. Therefore, the Production SIA will be designed to perform efficient production planning and scheduling, record the use of raw materials in the production process, and manage production costs such as raw materials, labour, and factory overhead. This system will be integrated with inventory and financial systems. Third, Sales system, based on the analysis of the SIA of sales, there are several problems identified in Mozzare Shop; such as the company does not have inventory management, recording payments from customers, no sales reports, and there is no bookkeeping system to record income and management of accounts receivable. Therefore, it is recommended that a sales AIS be designed and implemented that includes features such as integrated recording of orders from various channels, integration with inventory management, recording customer payments, periodic sales reports, bookkeeping of income, and management of accounts receivable.

Furthermore, Mozzare Shop MSMEs also face several obstacles in managing inventory of raw materials, work-in-progress, and finished goods. The main problem lies in the absence of an inventory recording system that is integrated with other modules such as purchasing, production, and sales. This causes difficulties in monitoring inventory movements accurately and in real time. Inventory checking is still done manually, increasing the risk of human error and data inaccuracies. The absence of a minimum stock alert system and automatic stock adjustment is also an obstacle that can result in stock-outs and disrupt business processes. In addition, Mozzare Shop MSMEs experience limitations in managing inventory costs and do not have adequate inventory reports for analysis and decision-making purposes. To deal with this problem, MSME Mozzare Shop designs an AIS for Inventory Management that will be integrated with the Purchasing, Production, and Sales modules to monitor and manage stocks of raw materials, work-in-progress, and finished goods in real-time. Features such as stock entry and exit recording, stock depletion alerts, and automatic adjustments will be available in this module.

Finally, the Financial AIS will be designed to accurately record all financial transactions such as cash receipts, cash disbursements, receivables, and payables. It will also compile financial statements such as income statements, balance sheets, and cash flows, as well as assist in budgeting and in-depth financial analysisIn its implementation, the AIS design will require training and mentoring for Mozzare Shop owners and employees so that they can use the system effectively. This training will include an understanding of the use of modules in the AIS, the process of recording transactions, and the interpretation of financial statements and financial analysis. By adopting the designed AIS, Mozzare Shop is expected to significantly improve operational efficiency, accuracy of financial records, and transparency of financial information. This will help their business make better business decisions, improve competitiveness, and achieve sustainable growth in the global market.

CONCLUSION

To conclude, Mozzare Shop MSME as a producer of high-quality woven bag crafts in Bali that has penetrated the global market, faces challenges in financial management. Financial recording is still done manually and unstructured; there is a mixture of business finances and the owner's finances, and standard financial reports are absent such as income statements, balance sheets, and cash flow statements. To optimize the financial management of Mozzare Shop, a comprehensive and integrated Accounting Information System (AIS) was designed. The design of this AIS consists of several main components, namely revamping the organizational structure with a clear division of tasks and responsibilities, Raw Material Purchasing AIS to record stock and purchase transactions of raw materials, Production AIS for production planning, recording the use of raw materials, and managing production costs, Sales AIS to record orders from various channels, payments, and revenue, Inventory Management AIS to monitor real-time stocks of raw materials, work-in-process, and finished goods, and Financial AIS to record all financial transactions, prepare financial reports, and assist with budgeting and financial analysis.

The implementation of this AIS design requires training and mentoring for the owners and employees of Mozzare Shop to use the system effectively. By adopting this AIS design, Mozzare Shop is expected to improve operational efficiency, accuracy of financial records, and transparency of financial information, so that it can make better business decisions, improve competitiveness, and achieve sustainable growth in the global market.

REFERENCES

Adisetiawan, R. (2017). Globalisasi Pasar Modal Dunia Dan Pengaruhnya Terhadap Pasar Modal Indonesia. Ekonomis : Jurnal of Economics and Business, 1(1), 10.

Almahdali, N. J., & Djawa, S. K. (2018). PENDAMPINGAN PENYUSUNAN LAPORAN KEUANGAN PADA KELOMPOK DASA WISMA. *MONSU'ANI TANO : Jurnal*

Pengabdian Masyarakat, *1*(2). https://doi.org/10.32529/TANO.V1I2.239
Azhar Susanto, 2004, Sistem Informasi Manajemen. Bandung: Linggar Jaya.
B. Romney, S. & Steinbart, P. J., 2015. Sistem Informasi Akuntansi. jakarta selatan: Salemba Empat.
Beranda Badan Penelitian, Pengembangan dan Inovasi Daerah. (n.d.). Retrieved June 18, 2024, from https://balitbang.bulelengkab.go.id/
Heni Kholifatur ulum. (2022). *Sinergi Membangkitkan UMKM Untuk Mendongkrak Ekonomi di Bali*.
Miles, M., & Huberman, a. M. (1994). milesandhuberman1994. *Qualitative Data Analysis*.
Mulyadi. 2016. Sistem Akuntansi. Edisi 4. Salemba Empat. Jakarta
Ningtyas, ayu. (2022). *Keuangan UMKM Harus Dikelola secara Profesional, Transparan, dan Akurat*. https://wartaekonomi.co.id/read407755/keuangan-umkm-harus-dikelola-secara-profesional-transparan-dan-akurat
Oktariani, D., Azril Akbar, D. K., & Afif, S. (2023). The Influence of Human Resource Competence and Financial Aspects on the Performance of MSMEs in the Cirendeu Village Area, South Tangerang. In *ENDLESS: International Journal of Futures Studies* (Vol. 6, Issue 2). http://endless-journal.com/index.php/endless
Putu, Suta, Adya, Dharma, Rahadi., Dewa, Made, Wiharta., Komang, Oka, Saputra. (2021). Design Implementation of Search Engine Optimization (SEO) in MSMEs. doi: 10.33258/BIRCI.V4I4.2728
Rama, Dasaratha V & Frederick L. Zones. 2008. Sistem Informasi Akuntansi Edisi 18. Jakarta. Salemba Empat.
Ramadhan, Y., Budi, I., Nusa, S., Rahman, M. A., & Fajri, A. (2022). QUALITY OF ACCOUNTING INFORMATION ON MICRO, SMALL, AND MEDIUM ENTERPRISE, A NECESSITY? *Jurnal ASET (Akuntansi Riset)*, *14*(2), 335–348. https://doi.org/10.17509/jurnal
Susilowati, E., Andrean Permadi, Sri Hariyanti, Misbahul Munir, & Agus Wahyudi. (2023). Analysis of the Implementation of Digitalization of Financial Statements in Micro, Small, and Medium Enterprises. *Open Access Indonesia Journal of Social Sciences*, *6*(4), 1048–1054. https://doi.org/10.37275/oaijss.v6i4.170
Suta Adya Dharma Rahadi, P., Made Wiharta, D., & Oka Saputra, K. (n.d.). *Design Implementation of Search Engine Optimization (SEO) in MSMEs*. https://doi.org/10.33258/birci.v4i4.2728
Tambunan, T. T. (2013). Usaha Kecil dan Menengah di Indonesia: Beberapa ISu Penting.
Wicaksono, A., Kusmintarti, A., & Eltivia, N. (2022). International Journal of Multidisciplinary Research and Literature ANALYSIS AND DESIGN OF INVENTORY ACCOUNTING INFORMATION SYSTEM APPLICATIONS TO IMPROVE INTERNAL CONTROL IN MSMEs FILO CR MALANG. *International Journal of Multidisciplinary Research and Literature IJOMRAL*, *1*(6), 620–740. https://doi.org/10.53067/ijomral.v1i6