

## THE ROLE OF RECORDING TRADE DEBT BOOKS FOR MICRO, SMALL AND MEDIUM ENTERPRISES COMPANY (MSME CASE STUDY) CV. JAYA ANIMAL FEED DIVA, TANGERANG)

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**Abstract:** This study examines the importance of trade payables recording for Micro, Small, and Medium Enterprises (MSMEs) and the challenges they face in implementing effective bookkeeping practices. The study focused on CV. Pakan Ternak Jaya Diva in Tangerang, highlighting issues such as reliance on manual methods and limited financial literacy that lead to inefficiency and high risk of errors. Data collection was conducted through interviews, observations, and documentation. The study findings indicate that manual debt recording methods cause delays in updates, complicate cash flow management, and reduce financial transparency. Although digital tools offer accuracy and real-time monitoring, technology adoption is still low due to cost and skill constraints. Recommendations provided include implementing simple digital solutions, providing financial management training, and increasing government and institutional support. By integrating technology and improving financial literacy, MSMEs can improve debt management, prevent financial mismanagement, and access greater financing opportunities

**Keywords:** MSMEs, Digital Tools, Financial Management.

### Introduction:

MSMEs play an important role in driving economic growth in Indonesia. The contribution of MSMEs currently reaches more than 60% of Gross Domestic Product at the national level and provides employment for the majority of the workforce in Indonesia. These business activities cover various fields, from manufacturing, trade, to services, making them very important for the backbone of the economy and the nation's social resilience. However, in addition to their large contribution, MSMEs also face various challenges, especially in financial management and recording. Of these challenges, the most important is recording accounts payable, which directly affects cash flow management and credit provision, and ultimately, business sustainability. Recording accounts payable is actually the process of recording debts for financing obtained from suppliers and creditors, in addition to tracking money that has not been received from customers. Accounts payable will allow the owner to know which debts need to be paid and which will be received, allowing him to make the right financial decisions. Without accounting records, MSMEs will lose control over liquidity problems such as late payments and even default in running

their business. In addition, poor debt management tends to further limit access to finance as financial institutions generally require comprehensive financial records when applying for loans. However, despite its importance, many MSMEs still record business debts in simple notebooks or spreadsheets. Although practical and low-cost, this method is very limited. This is the reason why manual recording is prone to human error, time-consuming, and without real-time updates; therefore, a business owner barely gets a picture of the actual position regarding financial management. In addition, the problem of complications exacerbated by debt transactions between various parties, occurs at a high frequency and increases the tendency for recording errors which in turn affect financial management.

The low level of financial literacy is seen among MSME owners; most business people do not care about anything related to bookkeeping, let alone debt management. As a result, recording becomes inefficient, or sometimes there is no recording at all. The consequences of this inability extend in terms of consequences for operations, to the potential for making strategic decisions that are very important in business development in general.

Perhaps some of these issues can be addressed by applying technology to financial management. Various electronic accounting tools and applications developed for MSMEs are very easy to use and therefore can be used to make debt recording more accurate and proficient. It will track financial transactions in real time, detect recording errors automatically, and can produce comprehensive financial reports. However, due to cost barriers, lack of technical skills, and minimal general awareness, the adoption of technology by MSMEs is still very limited. Thus, an integrated approach is needed where government support, financial institutions, and educational initiatives are carried out in harmony. Easy access to financial management training and promotion of easy-to-use digital solutions can help MSMEs improve their record-keeping systems. Banks and other financial institutions can also be more proactive by offering services that link business loans with digital record-keeping tools, thereby encouraging more sustainable business practices.

Seeing the recording of debt problems with case studies of MSMEs in MSMEs in Tangerang, CV. Pakan Ternak Jaya Diva must do debt recording Good matter This because , CV. Jaya Diva Animal Feed is business feed livestock that have debtors in very large numbers every period him , so that required debt recording every the day .

In a manual recording system, several problems arise that result in accountants being inefficient and ineffective in carrying out their work, such as the need for a lot of time due to the large number of transactions that must be inputted, errors in recording and calculating, the difficulty of finding data due to the large amount of data stored and other problems that make accountants not on target in carrying out their work. (Felia Putri & Nurlaila, 2022). In the current condition of the company regarding debt management, the benefits obtained from the application of technology assess several strategies to optimize financial management activities in the observed entity. In accordance with trend the opposite of manually managed activities with improvement digital technology, recommendations given certain support repair related improvement stability finance For maintain expansion business term long run by MSMEs.

## Literature Review

Financial records, especially accounts payable records, play a very crucial role in financial management among Micro, Small, and Medium Enterprises. From the related literature review, it was found that organized records will bring financial stability or easy sources of funds from outside. The inadequacy of these records has brought about one of the bankruptcy factors, namely the inability to manage cash flow or the inability to meet financial obligations. This literature review will discuss the concept, challenges, and proposed solutions in managing accounts payable records.

### A. Basic Concept of Recording Accounts Payable

Accounts payable records show details of all types of liabilities arising in the business process. Cash flow statements are useful reports for managers, investors, creditors, and other users where the report can provide an overview of the company's cash flow according to the classification of its activities, (Mogi et al., 2016) . In addition, cash flow statements are also useful for helping interested parties analyze (Kriekhoff, 2005) . An effective recording system can be created from the due date and the amount owed, or the name of the creditor; thus, owners can track their debt status at any time.

Correct and honest reporting builds trust among investors and creditors, which helps them make better decisions based on accurate and reliable information, (Indriani et al., 2024) . Good records can be used as financial evidence in applying for loans or investments, thus strengthening the position of MSMEs in obtaining funding sources.

### B. Problems in Recording Accounts Payable

In general, there are several identifiable problems faced by MSMEs in recording their business debts. MSMEs agree that recording is important, and they make records based on a format that is adjusted to the information needed, (Suryantara & Ridhawati, 2023) . The dominance of conventional manual bookkeeping methods increases the possibility of errors and/or delays in updating data. These records make their systems inefficient and reduce their ability to handle business debts effectively. Financial literacy is a basic need for everyone to avoid financial problems, (Yushita, 2017) . This has an impact on practicing accounting in a more sophisticated way.

In addition, MSME owners also do not understand the difference between accounts receivable and accounts payable, so they miscalculate profit and loss. This factor can lead to inappropriate business decisions and increase the possibility of bankruptcy. There are various factors that can cause a company to fail, including economic factors, management errors, and natural disasters, (Yang et al., 2008) .

### Solutions and Innovations:

Modern literature has paid much attention to the use of technology in financial accounting. For example, in this digital era, accounting digitization has become an important need to optimize the operational efficiency of companies, especially in terms of financial management and sales, (Mayasari, 2024) . The automated nature of digital technology simplifies and accelerates a number of tasks that previously required human intervention, such as recording transactions, processing data, and preparing financial reports, (Salsabila & Rahman, 2023) .

In addition to technology, this community service aims to improve the financial management skills of MSMEs through bookkeeping application training, to help them transform into more efficient and professional modern stores, (Syafnur et al., 2024) . Financial reports must be prepared periodically, transparently, and accurately to ensure effective financial management, (Alkamalat, 2024) . This can be assisted by mentoring programs assisted by the government or financial institutions to familiarize them with more efficient bookkeeping methods and the best use of technology.

### C. Institutional Support

The role of government is very important in supporting the digital transformation of MSMEs, (Hendra et al., 2024) . The need for cooperation between financial institutions and technology developers to develop affordable and easily accessible bookkeeping solutions.

This literature review underlines the fact that good debt recording is key to the financial health of MSMEs. Implementation of technology, training, and policy support will be needed to overcome existing challenges and ensure sustainable business growth.

## Method

This study was conducted to determine the importance of recording accounts payable in MSMEs and the challenges in its implementation. This case study focuses on MSMEs, namely CV. Pakan Ternak Jaya Diva located in Tangerang. The methods used in this study include primary data through observation and interviews, secondary data from related literature and documentation.

### 1. Research Design

This research is a descriptive exploratory study; thus, it aims to establish the practices undertaken by MSMEs in recording their debts and the accompanying barriers and alternatives. With this in mind, in-depth interview data and documentation data from interviews are combined to provide deeper insights into business debt management.

### 2. Data Sources

- Primary data: Interviews with CV owners and financial managers in the collection process. This study was conducted to collect data on debt recording procedures, problems faced, and perceptions related to the application of technology in credit management at Pakan Ternak Jaya Diva. The information obtained in this study will include all literature reviews obtained through journals, books, and official reports to add weight to the analysis with an explanation of how credit management is applied in MSMEs.

### 3. Data Collection Techniques

- In-depth Interviews: Through an interview guide that summarizes issues such as recording methods, problems faced in keeping proper records, and perceptions towards technology-based solutions.

- Observation: Conducting observations on MSME recording practices as far as accounting bookkeeping is concerned, to understand actual events and observe weaknesses in the system implemented.

- Documents: Accounting ledgers to support liabilities and transaction ledgers confirm completeness of recording and consistency of recording.

### 4. Data Analysis Techniques

Thematic data analysis was used where the analysis procedure is as stated here:

1. Data reduction - Filtering interview information and observation information to obtain main themes.
2. Data Presentation: Tabular and narrative forms are used for presentation to facilitate interpretation.
3. Drawing Conclusions: Connecting findings with literature to formulate conclusions and recommendations.
5. Data Validity

Triangulation is used to increase the validity of research results by comparing data between interviews, observations, and documentation.

From this basis, this research will produce a broad understanding of the importance of recording business debts in MSMEs, problems and opportunities that can be realized in increasing efficiency by implementing technology and financial training.

## **Results and Discussion**

### **Research Results**

This research was conducted at CV. Pakan Ternak Jaya Diva, Tangerang; debt recording is still done manually using a notebook. Business owners record obligations to suppliers and the amount of receivables to customers, including transaction dates and due dates, manually. This method is indeed economical, but many recording errors are found, such as not updating data and misplacing information about previously recorded transactions. In running a business, many organizations or institutions still record financial reports manually, this is because they do not understand how to run existing accounting computer applications and the high price of the software they have to buy, (Rahmayuni, 2017) .

The interview revealed that one of the main problems related to routine record updates is related to time constraints. Business owners find it difficult to divide their attention between current operations and financial management, which ultimately results in inconsistent and not entirely accurate records. In addition, low financial literacy for MSME actors will have an impact on the development of the business being run, and will even have an impact on the national economy, (Suryanto & Rasmini, 2018).

On the other hand, entrepreneurs in general have shown interest in bookkeeping practices but seem to be discouraged by the lack of skills and high estimated costs associated with them. This is why a proper and low-cost digital solution to develop technological capabilities related to financial management is recommended.

### **Discussion**

The results of the study strengthen the findings in the literature which state that manual financial bookkeeping has many weaknesses, including inaccuracy, lack of organization, and lack of systematicity (Rizky Firmansyah et al., 2024) . Inaccuracy in manual recording risks causing poor cash flow problems, late payments, and difficulties in financial planning, all of which have a negative impact on overall business performance. This can provide an effective solution by minimizing manual errors and providing up-to-date financial information in real time. Another aspect raised in this study is financial

training as a necessary step to improve skills in managing business debt. Support from the government and financial institutions can accelerate this digital transformation in terms of access to subsidized software and related training programs.

### Conclusion

This study confirms that incomplete recording of business debts has caused inefficiency and high financial risk for MSMEs, as in the case of CV. Pakan Ternak. Jaya Diva. The use of manual methods that are still used increases the risk of errors and less than optimal financial management. Technology integration does provide advantages in the form of accuracy and ease of real-time debt tracking, but the lack of financial literacy and costs are obstacles to technology adoption. Instead, what is needed is an integrated approach that includes technology-based financial training and software support at affordable prices. Therefore, the government, financial institutions, and technology partners must come together to create an ecosystem that encourages increased financial literacy and adoption of digital solutions for MSMEs to ensure better debt management and stronger business sustainability in the future.

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