

ANALYSIS OF THE EFFECTIVENESS OF RECORDING FINANCIAL TRANSACTIONS FOR MSMEs AT ALMASQA RESTO MEDAN

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Abstract: This study aims to analyze the effectiveness of financial transaction recording in Micro, Small and Medium Enterprises (MSMEs) at Almasqa Resto Medan. MSMEs, as a sector that plays an important role in the national economy, often face challenges in good financial management. One of the main factors that affect the performance of UMKM is the Financial Transaction Recording System Implemented. This study uses a qualitative approach by means of data collection techniques using interview techniques and observation techniques. Respondents in this study were direct interviews with business owners to obtain information about financial recording practices carried out at Almasqa Resto Medan. There is a daily financial bookkeeping report for business owners. The results of the study in analyzing the effectiveness of recording financial transactions in Micro, Small and Medium Enterprises (MSMEs) which are very effective are expected to provide insight into the importance of accurate and efficient transaction recording in supporting the sustainability and development of small businesses and provide recommendations to improve the effectiveness of financial management in MSMEs.

Keywords: Financial Transactions, MSMEs, and Financial Reports .

Introduction

In this era, many Micro, Small and Medium Enterprises (MSMEs) have started recording financial transactions. Indonesia as a developing country, continues to focus on development and economic growth to achieve better progress. Accounting recording is the first stage of the accounting process that involves classifying, analyzing, and reporting business transactions for users of accounting information (Prempeh et al., 2022) . The definition of Accounting is the art of recording, classifying, summarizing, and compiling financial reports in 1 period. Its function is to present financial information to internal and external parties and as a basis for making decisions.

Based on OCBC Indonesia's research in the Business Fitness Index in 2023, as many as 80 percent of business actors in Indonesia still record their finances and business stock manually, even though they are already in the digital era. Orderly and systematic recording is the main basis for preparing accurate and proper financial reports. With a proper understanding of recording financial transactions, it is hoped that the resulting financial reports can support business continuity, especially for MSMEs, in facing challenges and increasing competitiveness in the market.

MSME business actors generally utilize local resources, both for resources, capital, raw materials and equipment. MSMEs, which are the leading sector, are the backbone of the Indonesian economy, providing opportunities for all people to develop their businesses, so that they can help with the problems faced by the Government, namely unemployment. Minister of Tourism and Creative Economy Sandiaga Salahudin Uno stated that MSMEs in 2023 will again become heroes of the national economy, which can open up business opportunities and jobs,

and it is targeted that in 2024 there will be 4.4 million new and quality jobs, so that it will greatly help in overcoming the country's problems. The opportunity for people to develop their businesses is not followed by awareness in understanding and managing businesses properly. Business actors still do not realize the importance of financial records for business development, which are good and based on applicable standards (Pertiwi et al., 2024). In fact, people who have good financial literacy are able to make the right decisions in managing their finances in order to face global challenges (Pada & Pelangi, 2018). Which means that by recording finances in a disciplined manner, decisions related to MSMEs will be entirely in the hands of the owner. Thus, MSMEs are not only able to survive, but also continue to experience growth and have a more significant impact on the Indonesian economy (Alkamalat, 2024).

Almasqa Resto is one of the Middle Eastern and Indonesian culinary businesses that is included in the UMKM actors that record financial transactions. Almasqa admits that when recording financial transactions properly, it greatly affects their effectiveness in calculating turnover each year. By recording income and expenses during transactions both offline and online. Therefore, MSMEs must record financial transactions to determine the profits obtained by looking at the difference between incoming and outgoing money that occurred during the period.

This study show that recording financial transactions accurately and systematically not only serves to fulfill administrative obligations, but also as a very important tool in managing and developing MSME businesses. The success of MSMEs in maintaining and developing their businesses is greatly influenced by the ability to understand and manage finances properly and correctly. Neat and accurate record keeping allows business owners to make informed decisions, identify potential financial problems, and plan more mature development strategies.

Literature Review

This chapter discusses the existing literature review regarding the Effectiveness of Financial Transaction Recording for MSMEs at Almasqa Resto Medan. Explains some discussions on recording financial transactions in MSMEs. Recording of Financial Transactions can affect MSMEs is also reviewed.

1. Understanding Financial Transaction Recording

Recording financial transactions is one of the accounting processes. Accounting is the art of recording, classifying, summarizing, and compiling financial reports in 1 period. Accounting is a system of measuring and recording the management of economic resources producing financial information (Ananda Muhamad Tri Utama, 2022). Recording transactions is the process of recording and recording every financial activity of a business that involves changes in assets, liabilities, and capital. The purpose of accounting is to produce accurate financial reports that can be used by policy-making managers and other parties, such as shareholders, creditors or owners (Salamah et al., 2024). Because according to Meigs and Miegs; Bettner; and Whittington (1996) the information available is a real picture that contains the state of each organization, especially in financial reporting. The main function of Recording Financial Transactions, namely:

- a. in order for relevant financial information to be available for analysis and decision making,
- b. To monitor and manage cash inflows and outflows.
- c. To analyze financial health, measure performance, and make strategic decisions.
- d. Data documented in bookkeeping can be used to conduct financial analysis.

Some examples of recording procedures developed and implemented by government authorities, as well as individual entrepreneurs, include [7]:

1. Transactions must be recorded immediately, as soon as they occur.

2. Receipts are recorded on the righthand side of the page (the source of these receipts also needs to be disclosed) while payments are recorded on the left hand side (with an explanation).
3. No spaces are left between transactions.
4. Correction, overwriting or deletion of transaction records is prohibited.
5. Monthly and annual reports must be prepared.
6. The annual report is reviewed and compared with the previous year's report (audit).

As we can see, this procedure seeks to reduce the risk of fraud and manipulation and offers some form of control (Trokic, 2015) . According to The increasing development of information technology, automatically demands all fields of activity to be computerized. Without exception, accounting requires a confidential database because all existing transactions are generally related to the finances of a company or individual entity. Manual accounting data processing such as processes that still use written records, and use Microsoft Word 2007 and Microsoft Excel 2007 which have more risk of data loss and lack of time efficiency compared to using a computerized system.

2. Definition of MSMEs

In Law No. 9 of 1995, Small Business is a productive business on a small scale. Small businesses have requirements with a net business wealth of no more than Rp200,000,000.00 (two hundred million rupiah), the wealth of this Small Business does not include land and buildings where the business is located. Small businesses have a maximum sales result of Rp1,000,000,000.00 (one billion rupiah) per year and have the ability to obtain credit from banks of a maximum of above Rp50,000,000.00 (fifty million rupiah). Based on Law of the Republic of Indonesia No. 9 of 1995 concerning Small Businesses, it is stated in article 1 that: "Small businesses are small-scale people's economic activities and meet the criteria for net assets or annual sales results and ownership as regulated in this Law".

MSMEs are one of the drivers of the economy in Indonesia and also play an important role in the growth and development of the country's economy and industry. MSMEs are the little guys who play a big role and are the mainstay of the smooth running and stability of the country's economy. MSMEs are able to drive economic growth for lower-middle class communities (Utomo et al., 2022). In accordance with the provisions of the law, micro-enterprises refer to productive businesses owned by individuals or individual business entities, and must meet the criteria stipulated in the law (Pertiwi et al., 2024) . MSME activities have opened up new employment opportunities for Indonesian people who are still unemployed. The absorption of new workers by MSMEs will have an efficient impact on reducing the unemployment rate of the Indonesian people (Purba, 2021).

3. The Importance of Recording Financial Transactions in MSMEs

Micro, Small and Medium Enterprises (MSMEs) are businesses that are widely developed in Indonesian society. Financial recording is very important for MSMEs as a tool in decision making (Pertiwi et al., 2024) Because it can help in controlling operational costs, knowing profit and loss, controlling finances, and knowing business developments from year to year. In economic activities, money is a means of exchange used to facilitate transactions and society recognizes that money has value as a legal means of payment in obtaining needs for both goods and services (Wahyuningroem, 2024) . This aims to keep accurate records of financial transactions, facilitate financial tracking and management, and increase the efficiency and effectiveness of financial decision making.

4. Effectiveness of Recording Financial Transactions in MSMEs

Effectiveness according to Soewarno, (1984) can be understood as a measure of achieving certain goals or targets, and determining effectiveness is done by distinguishing the goals stated in more specific goals or targets (Budi Dharma et al., 2023) . Effectiveness of Recording Financial Transactions in MSMEs is a description of the extent to which targets are achieved from a collection of resources that are arranged to collect, process, and store financial data. The more effective the implementation of accounting in producing the accounting information used, the better the decisions taken, thereby maximizing the goals to be achieved (Alam, 2017) . The purpose of the effectiveness of recording financial transactions in MSMEs is to maximize the turnover to be achieved. Operational activities are said to be effective if the activity process achieves the goals and final targets of the policy (Nasution et al., 2024) . The greater the contribution of the output produced to achieving the specified goals or targets, the more effective the work process of an organizational unit (Nasution et al., 2024) .

5. Recording of Financial Transactions in MSMEs at Almasqa Resto Medan

Almasqa Resto is an UMKM actor that records financial transactions. Almasqa Resto is a business that serves Middle Eastern and Indonesian culinary dishes. Almasqa Resto records financial transactions using the excel financial transaction recording method and bookkeeping financial transaction recording greatly affects its business. Because that way Almasqa Resto knows the profit and loss turnover every year.

Method

This study uses a qualitative approach conducted by means of a direct survey of MSME actors directly regarding the recording of financial transactions in MSMEs. A qualitative approach is used to determine the recording of financial transactions in MSMEs. The data used in this study is primary data. The primary data in this study are in the form of interview results with UMKM business actors at Almasqa Resto Medan. Which aims to find out how the process of recording financial transactions is carried out at Almasqa Resto and how accurate it is when recording financial transactions.

Results and Discussion

The Role of Financial Transaction Recording in MSMEs at Almasqa Resto

Based on the results of the research that we have conducted through direct communication with Mrs. Nur, the owner of Almasqa Resto, it is known that recording of financial transactions has been implemented since the restaurant was established. Almasqa Resto records financial transactions to manage finances effectively and efficiently, making it easier to monitor financial transactions, assisting in financial decision making and realizing the goals achieved.

Since the beginning of 2021 until now, Almasqa Resto has recorded financial transactions very well. Transactions in a business are something that causes the financial position of the business to progress or decline because of the amount of income and expenses that occur (ANANDA MUHAMAD TRI UTAMA, 2022) . In this case, Almasqa Resto records financial transactions using this hybrid method which has been applied consistently, resulting in a stable increase in annual turnover over the past four years. hybrid method in recording financial transactions, namely by combining manual recording using books and digital recording using Microsoft Excel. (Microsoft Excel). The practice of comparing manual records with digital records ensures accuracy and consistency in financial calculations. This allows Almasqa Resto to monitor its financial performance effectively and achieve the set turnover targets.

This method of recording financial transactions has proven to be very helpful in ensuring that all transactions, both from offline and online sales, are recorded accurately. This approach not only supports efficient financial management, but also provides valuable insights into the overall profitability of the restaurant business.

Benefits of Effective Financial Transaction Recording in MSMEs

The use of financial information for MSMEs can provide information that plays an important role in achieving business success, because financial information can be a reliable basis for making economic decisions in managing MSMEs, including decisions to buy or sell goods, set prices and develop markets and apply for credit to formal financial institutions (Febriyanto et al., 2019) .

Conclusion

Based on the research conducted, it can be concluded that the financial transaction recording system implemented at Almasqa Resto is effective in supporting its business operations. Almasqa Resto uses financial transaction recording using a hybrid approach method, which combines manual records with digital tools such as Microsoft Excel, which has proven to be very profitable. This method not only ensures accuracy in financial documentation but also facilitates cross-verification between the two recording systems. Consistent implementation of these practices has contributed significantly to Almasqa Resto's annual revenue growth over the past four years.

This finding emphasizes that a disciplined and structured financial recording system is essential for the long-term sustainability of Micro, Small, and Medium Enterprises (MSMEs). By carrying out effective financial transaction recording using the bookkeeping financial transaction recording method and the excel financial transaction recording method also known as the hybrid method applied at Almasqa Resto, it allows businesses to maintain a clear understanding of financial performance. This transparency allows management to make informed decisions about budget planning, cost control and strategic growth. Additionally, it helps identify areas of improvement and ensures the business stays on track to achieve financial goals.

By monitoring income and expenses effectively, Almasqa Resto can allocate resources more efficiently, which strengthens its market position as a growing SME in the food industry. The results of this study emphasize the importance of encouraging MSMEs to adopt similar practices in financial management. Many small businesses still rely on manual record-keeping, which increases the risk of errors and inefficiencies. Implementing a fully hybrid or digital system can improve financial accountability and operational efficiency, especially in today's technology-driven business environment.

For Almasqa Resto, future improvements may include transitioning to a sophisticated digital system or accounting software to optimize financial record keeping and reduce reliance on manual processes. In conclusion, the Almasqa Resto case highlights the critical role of financial record keeping in achieving business sustainability and growth. For MSMEs, adopting a structured and reliable method of record keeping is not only beneficial but essential for long-term success. This study serves as a valuable reference for other small businesses, demonstrating how effective financial management practices can improve profitability and operational performance.

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