

THE EFFECTIVENESS OF USING THE ACCOUNTING INFORMATION SYSTEMS OF THE GAMONG BUSINESS AGENCY (BUMG) IN LHOKSEUMAWE CITY

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Abstract

This study aims to determine how the quality of financial reports and the effectiveness of the use of accounting information systems at BUMDes in the Lhokseumawe area. And also to develop a theoretical model to measure the effect of the effectiveness of the accounting information system on the quality of financial reports at the BUMDes analysis unit in the Lhokseumawe area.

This research was conducted by surveying directly to village locations in the city of Lhokseumawe to collect various data that the proposing team could use to identify problems. The population to be studied in this study is Village-Owned Enterprises (BUMDes) in Lhokseumawe, in this case in Aceh Province, called Village-Owned Enterprises (BUMG), with a total population of 68 BUMDes in 68 villages with 106 business units. This study uses primary data by distributing questionnaires to BUMG administrators, especially those who know the ins and outs of accounting information systems. In addition, it also uses interview techniques with questions that have been designed to suit the conditions of BUMG in Lhokseumawe. The analysis used is descriptive qualitative, where to test the hypothesis in this study using simple linear regression. Besides that, it also uses qualitative analysis to answer interview question items directly with BUMG administrators.

The results obtained were the effectiveness of the use of accounting information systems had an effect on the quality of financial reports. However, so far the use of the accounting information system is still manual, the more complex financial application system has not been used because the BUMG business unit is still in the development stage. BUMG in Lhokseumawe city is still being fostered, given training and supervised by the Badan Pemberdayaan Masyarakat dan Gampong Gampong as well as by the Inspectorate of Lhokseumawe City. Of the 106 business units under 68 BUMGs throughout Lhokseumawe, currently only 78 are still running. This is because BUMG has problems in managing its business, especially in maintaining the sustainability of its existing business units.

Keywords: Accounting Information Systems, Quality of Financial Statements, BUMG.

1. INTRODUCTION

1.1. Research Background

Public sector organizations' financial reports are an important component for creating accountability. The increasing demands on the implementation of accountability have implications for public sector management to provide information to the public, one of which is accounting information in the form of financial reports (Mardiasmo, 2018: 200). The financial information contained in the financial statements is used by interested parties, both internal and external parties (Moh Mahsun, et al, 2011: 115). One of the public sector financial statements that relate directly to the public is financial reports Business entityVillage owned (BUMDes).

According to data from the Ministry of Villages, Development of Disadvantaged Areas and Transmigration entering July 2018 at this timeBusiness entityVillage-owned enterprises (BUMDes) throughout Indonesia reached 35 thousand of 74,910 villages throughout the archipelago. This number is five times the target of the Ministry of Villages, which is only set at 5,000 BUMDes, which means that BUMDes are ready to become a giant economic power in Indonesia. The problem is, until now, various data states that most of the BUMDes are still limited to standing and do not yet have productive business activities. Some businesses have experienced failures and even losses in the financial sector because the majority of village heads still have 'at least' understanding of BUMdes.

BUMDes or in Aceh is called a Village-Owned Enterprise (BUMG) where the Village is changed to a Gampong for the Aceh region, which is a gampong business managed by the village government, and is legally incorporated. In this case, BUMG also requires financial reports that aim to present information about the financial position, budget realization, cash flow and financial performance of a reporting entity that is useful for users in making and evaluating decisions regarding resource allocation. Openness to all actions and policies taken by the government. Transparent in the field of management means openness in managing an activity. Transparent management of funds will allow the public and government to know what government funds are used for.

Bbased on the results of the inspection by the Inspectorate of Sawahlunto City regarding Village-Owned Enterprises (BUMDes) Towards Mutual Welfare (MKB) of Muaro Kalaban Village, various irregularities were found in the financial statements. This was admitted by the Acting Inspectorate of Isnedi to fajarsumbar.com. "Indeed, there are findings from 2017 to 2019," he explained, Wednesday (18/12/2019). According to Isnedi, the findings include, first, the recording of the financial statements is different. If this is examined by the Financial Audit Board (BPK) such as in the Regional Government, this will immediately be a disclaimer. Annual reports vary,

meaning that administrative officers do not understand the applicable regulations. In addition, from these results there were many confusion, so that his party could not determine how much loss the BUMDes MKB was. "The point is, before increasing the BUMDes capital, finish the bookkeeping first. So we recommend re-recording transactions," he added. These problems indicate the low quality of financial reports in various organizations.

Another phenomenon also occurred in Aceh Province, where there were various problems that made thousands of BUMGs in Aceh not grow as expected, as well as BUMGs in Lhokseumawe city, one of which is in Gampong Kuta Blang, Banda Sakti District, Lhokseumawe City. Problems that are often experienced are the use of budgets that are not in accordance with the needs, the lack of public awareness in participating in the development of the BUMG. The Kuta Blang Village-Owned Enterprise (BUMG) continues to strive to be the best and a model for other gampongs (villages) in fixing these business entities. Many local people are active in managing productive economic activities in an effort to increase village income and introduce business units in BUMG management.

BUMG, which is named Maharaja, currently has 4 business units, two of which have been running for a long time, namely the culinary stand rental service business and RO production. Meanwhile, new businesses operating are creative industries and environmental and environmental hygiene business units. Then nowadays village youths are also involved in creative endeavors, such as processing tirescash becomes trash cans, business of buying and selling and renting baskets to all people of Kuta Blang, especially with the aim of increasing village income, this continues to be done to improve services for the community and increase village income, (Interview with Zaki, 2019).

For this reason, an accounting information system is needed at BUMG that supports the creation of quality financial reports. Quality financial reports are financial reports that are able to present useful accounting information in the decision-making process (Gelinis & Dull, 2008: 17). The quality of accounting information produced by an organization will influence every decision made by managers and by organizational actors (AzharSusanto, 2013: 2). Lupasc, et al. (2009) argue that quality accounting information is influenced by the accounting information system used.

1.2. Problems Researched.

Based on the background description, the problems to be discussed in this study are How does the Effectiveness of the Accounting Information System affect the Quality of Financial Statements at Village-Owned Enterprises in Lhokseumawe City?

2. LITERATURE REVIEW

2.1 Definition of BUMDes

The existence of BUMDes plays a very important role as a community media in improving the village economy. Furthermore, in Law no. 32 of 2004 concerning Regional Government stated that the purpose of establishing BUMDes is in order to increase Village original income and make a significant contribution to improving the welfare of the Village community. According to Ibrahim (2018: 13) BUMDes is a business institution that functions to conduct business (business activities) which aims to get a result in the form of profit or profit.

The definition of BUMDes is based on the Law of the Republic of Indonesia No. 6 of 2014 article 1 (one) regarding Villages states that Village-Owned Enterprises, hereinafter referred to as BUMDes, are business entities whose entire or most of their capital is owned by the Village through direct participation originating from separated Village assets to manage assets, services and other efforts to maximize the welfare of the Village community.

Based on these two definitions, it can be stated that BUMDes is a business entity that functions as a business unit with the main objective of generating profits, most of the capital is owned by the Village and comes from separated Village assets. Although most of the BUMDes capital is Village assets, BUMDes does not always depend on government funds. BUMDes managers are required to be able to manage BUMDes more effectively and efficiently so that BUMDes can be independent, which in turn can improve the wheels of the Village economy, prosper the Village community and reduce the level of urbanization of the Village community to find work in big cities.

2.2 Benchmark for the success of the BUMDes Program

According to Ibrahim (2018: 19) the success of the BUMDes program can be measured through the Input, Process, Output, Outcome, Impact and Feedback indicators. Each of these indicators will be explained as follows:

- a) **Input** The success of the BUMDes program in a village will greatly depend on the input it has from the village / region. Input can mean the potential resources possessed both natural resources (eg geographic, cultural and customary) and competent human resources, information technology as well as sources of funds, both from community self-help and government funds. The synergy of all good input components will encourage the success of BUMDes in an area.
- b) **Process** The success of BUMDes performance in an area can be seen from the increase in the welfare of the Village community. The success of BUMDes in a Village area can be achieved if the BUMDes manager can thoroughly socialize the BUMDes work program in the village to all levels of society and the implementation of the BUMDes program is effective and efficient. In order to achieve these goals, a good BUMDes management is needed and refers to the principles of good corporate governance.

- c) **Output** Output is the output resulting from the implementation of policies / programs. The output or output from the success of the BUMDes program is the formation of a Village-owned business entity that aims to accommodate the needs of the community for the products and services they want, as well as facilitate the home industry (IRT or UMKM) in producing quality products / services and in helping market products / services widely to the general public.
- d) **Outcome** The result of the implementation of the BUMDes program is the creation of a modern and prosperous village that can increase the Village economy and the welfare of the Village community, as well as the development of home industries (IRT or UMKM) in the area of a village.
- e) **Impact** Is the impact arising from the implementation of a program or policy. The success of the BUMDes program can be reflected in the increase in job opportunities, increased welfare of the community, the level of community knowledge and education, as well as the reduction in the level of urbanization of rural communities to big cities.
- f) **Feedback** Is the feedback resulting from the implementation of a policy / program / activity. The success of the BUMDes program can be reflected in the increase in investors or investors both from within and outside the country to invest in the area and the large number of people from outside the region who are looking for work or opening a business in the village.

2.3 Quality of Accounting Information Systems

Management accounting information system is a subsystem of accounting information system which functions to prepare various information from the internal and external environment of the company to be processed into management accounting information that is used by company managers in carrying out planning, measuring, monitoring and control activities as well as making decisions to improve organizational performance (Bockholdt (1999: 11); Heidmann (2008: 44); Bouwens & Anthony (2000); Belkoui (2002: 9); Hansen & Mowen (2007: 4); Haque (2003: 3) and Atkinson, et al. (2012: 15).

As for the effectiveness of management accounting information systems shows the quality of accounting information systems related to the ability of management accounting information systems to produce timely accounting information and is able to meet information user satisfaction with the desired information conformity.(Heidmann (2008: 78); De.Lone & Mc. Lean (1992 & 2003); Post & Anderson (2003: 5); Deghanzade, et al. (2011) and Nicolau (2000) dimensions and indicators as follows:

1. System usage, measured using indicators:

Security, Processing integrity, Availability and Ease to use & usefulness, (Duggan & Reichgelt (2006: 40), Barrier (2002), Davis, et al. (1989) and Venkantesh, et al. (2003), Romney & Steinbart, 2006: 23).

2. User satisfaction is measured using indicators: Flexible, Accessible, Provides Correct and Timely information, and Efficient (Heidmann (2008: 81 and Stair & Reynold (2012: 32), Bockholdt (1999: 115), and Nicolau (2000)).

2.4 Quality of Local Government Financial Reports

Lilis Puspitawati and Sri Dewi Anggadini (2011: 38) state that financial reports are processing company financial data starting from transaction evidence in the form of invoices, documents, notes, receipts and other evidence of financial transactions and then recorded in a bookkeeping. companies so that the final result of the process of recording and identifying the evidence will produce information, namely financial statements. Furthermore, according to Mahmudi (2016: 11) indicators of the quality of financial statements are as follows:

1. Relevant,
2. Reliable,
3. Can Be Compared,
4. Can be understood.

2.5 Effect of Accounting Information System Effectiveness on Quality of Financial Statements.

According to Atkinson, et al. (2012: 15) an accounting information system is a system that produces and uses information to help decision makers assess whether an organization can achieve its goals. This system includes a series of procedures, tools, performance measurement, systems, and incentives that the organization uses to guide and motivate all employees to achieve organizational goals. NextHansen & Mowen (2007: 857) states that the effectiveness of accounting information systems describes an information system that provides quality financial reports needed to meet certain management objectives.

Research conducted by Chitmun & Ussahawanitchakit (2011) on 158 companies engaged in the food industry in Thailand shows that an integrated accounting information system affects the production of quality financial reports. Next, Rani & Kidane (2012) conducted research on 30 printing companies in Ethiopia, the results of this study also proved that the accounting information system had an effect on the quality of financial reports. Then the research conducted by Sangsawang & Ussahawanitchakit (2013) on 113 IT and Telecommunication companies in Thailand produced empirical evidence that an effective accounting information system has an effect in producing quality financial reports that managers can use in making decisions. Likewise with research conducted by Ahmad Al-Hiyari, et.al. (2013) in Malaysia also proved that the effectiveness of accounting information systems affects the quality of

financial reports. Then the results of research conducted by Huseein, et al. (2007); and Sajadi, et al. (2008); produce empirical evidence that the accounting information system has a significant positive effect on the quality of financial statements. Based on existing theoretical studies, the following hypothesis can be formulated:

H1: The effectiveness of the Accounting Information System has an effect on the Quality of Financial Statements.

3. RESEARCH METHODS

3.1 Population

The population to be studied in this study is an organization / agency, namely Village-Owned Enterprises (BUMDes) in Lhokseumawe, with a total population of 68 BUMDes. Data testing in this study will be carried out using multiple linear regression. Based on the population size, the researcher conducted a saturated sampling technique (survey) by taking the entire population size into the research sample, so that the sample size in this study was 68 BUMDes spread over the Lhokseumawe area.

3.2 Method of collecting data

This study uses primary data obtained from respondents through distributing questionnaires that are designed using a rating scale based on the attitude scale (rating scale) so that the results of respondents' answers have an interval scale (Sekaran, 2009: 32). The questionnaire will be distributed to BUMG administrators, especially those who know the ins and outs of accounting information systems. In addition, it also uses interview techniques with questions that have been designed to suit the conditions of BUMG in Lhokseumawe.

3.3 Data Analysis Methods

The analysis used is descriptive qualitative, where to test the hypothesis in this study using simple linear regression. This analysis tool was chosen based on the consideration of the limitations of the research variables tested in the Likert scale question items. Besides, it also uses qualitative analysis to answer the items of interview questions directly with the management of Village-Owned Enterprises (BUMG).

4. RESULTS AND DISCUSSION

4.1 Descriptive Research Results

Lhokseumawe is a city in the province of Aceh, Indonesia. This city is right in the middle of the eastern route of Sumatra. Be in between Banda Aceh and Medan, so that this city is a vital route of distribution and trade in Aceh. Lhokseumawe City, Aceh, with an altitude of 2-24 meters above sea level has an area of 181.06 Km² which is divided into 4 districts, namely Blang Mangat District with an area of 56.12 Km², Muara Dua District

with an area of 57.80 Km², Muara District One area is 55.90 Km² and the Banda Sakti District has an area of 11.24 Km². These four sub-districts consist of 9 settlements and 68 villages / gampong.

Village-Owned Enterprises (BUMG) are a manifestation of the participation of the Gampong community as a whole, so that they do not create a business model that is hegemonized by certain groups at the Gampong level. This means that these regulations are manifested in a solid institutional mechanism. Strengthening institutional capacity will focus on the existence of rules that bind all members (one for all).

Law Number 4 of 2015 concerning the Establishment, Management and Management, and Disbanding of Gampong-Owned Enterprises states that Gampong-Owned Enterprises, hereinafter referred to as Gampong-Owned Enterprises (BUMG), are business entities wholly or most of the capital is owned by Gampong through direct participation derived from separated Gampong assets to manage assets, services, and other businesses for the maximum welfare of the Gampong community.

From the results of field observations, it was obtained that there were 68 BUMGs in Lhokseumawe City with 106 business units. However, when this research was conducted from 106 business units, only 78 business units were still active. The rest is already empty due to losses and also inadequate governance

4.2 Results of Simple Linear Regression Analysis

Table 4.1
Simple Linear Regression Results

COEFFICIENTS A

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
1 (Constant)	2,796	.427	.248	6,551	.000	1,000	1,000
	.252	.113		2,235	.028		

a. Dependent Variable: Quality of Financial Statements

Based on Table 4.1. above, the results of simple linear regression analysis can be explained as follows:

$$Y = 2,796 + 0.252 X_1 + e$$

The results showed that the effectiveness of the accounting information system had an effect on the quality of financial reports by $R = 0.248$, this means that the effectiveness of the accounting information system affected the quality of financial reports by 24.8%, the rest was influenced by other variables which were not explained in this study. The R Square value of 0.062 is the degree of the relationship between the effectiveness of the accounting information system and financial reports of 6.2%. It can be said that the effectiveness of the accounting information system has a low relationship with the quality of financial statements because it is in the range less than or less than 50%.

4.3 Discussion

The effectiveness of the use of accounting information systems has a significant effect on financial reports. With the accounting information system, the quality of financial reports will also be better. This is because with the accounting information system, the bookkeeping process which was originally manual and simple can be done quickly, computerized and on time.

However, the obstacles that were found during the research, all BUMG in Lhokseumawe city still use manual bookkeeping and have not used an integrated information system, so it can be said that the use of accounting information systems cannot be directly related to the quality of financial reports. So far, BUMG has been equipped with a financial report format obtained from the Badan Pemberdayaan Masyarakat dan Gampong. However, these applications are still not being used optimally.

Planning activities carried out by BUMG business units in Lhokseumawe City go through several stages, initial planning to form a Draft Budget and determining the business to be managed. Village officials will form BUMG managers who will then be appointed to carry out all activities including BUMG financial management. BUMG carries out activities when it has received funds from the government or funds from outside parties, if they do not get funds they are unable to carry out planning or activities. Before carrying out the activities and planning process of the BUMG, first, hold a meeting between village officials and the BUMG management which also involves several elements of the community, discussing things that are deemed necessary and receiving criticism and suggestions from the village community.

Village officials and BUMG administrators are in the stage of proposing to related parties to be able to provide an easier system for recording financial statements later. Thus the process of making financial reports will also be faster and can be accounted for.

Accountability is the obligation of BUMG management in reporting the use of public funds and village funds that have been entrusted to BUMG administrators. Accountability is carried out by BUMG by providing an accountability report to Badan

Pemberdayaan Masyarakat dan Gampong by showing the supporting files deemed necessary in the accountability reporting process. In addition to being responsible to government agencies, BUMG is also required to report funds that have been used to village communities. Currently reporting to the public is still using billboards that are printed in large sizes which are then posted in front of the geuchik office. The public also has the right to ask the management if there are things that are considered improper in the reporting.

BUMG supervisors have the task of supervising all activities and providing advice to operational executives or directors in carrying out village business management activities. Supervisors are also tasked with supervising management of operational executives in managing and managing BUMG. This is stated in Permendesa PDTT No. 4 of 2015 concerning Village-Owned Enterprises.

The BUMGs in Lhokseumawe are currently supervised by Badan Pemberdayaan Masyarakat dan Gampong of Lhokseumawe, BUMG are still directed, supervised and given coaching and training. This is useful so that the activity process is able to run according to established procedures, and it is hoped that BUMG will continue to run and provide benefits for BUMG itself. This study supports the research researched by (Selamat, 2016) and research (Rofidah and Rochayatun, 2020) which suggests that the accounting information system affects the quality of financial reports.

5.1 CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

From the research that has been done, it can be concluded that the effectiveness of the use of accounting information systems affects the quality of financial reports. However, so far the use of the accounting information system is still manual, the more complex financial application system has not been used because the BUMG business unit is still in the development stage. BUMG in Lhokseumawe city is still being fostered, given training and supervised by the Badan Pemberdayaan Masyarakat dan Gampong as well as by the Inspectorate of Lhokseumawe City. Of the 106 business units under 68 BUMGs throughout Lhokseumawe, currently only 78 are still running. This is because BUMG has problems in managing its business, especially in maintaining the sustainability of its existing business units.

5.2 Suggestions

Based on the research conclusions that have been described, the authors suggest that technical and sustainable guidance and training be provided to BUMG administrators, especially in terms of creative business ideas, contemporary products, careful business planning, and marketing strategies by the Badan Pemberdayaan Masyarakat dan Gampong. (BPMG) and other related parties such as universities, investors, and the private sector.

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