



## Digitalization of Financial Reports in BUMDES in Gunungsari District

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### ARTICLE INFO

*Keywords:* Digitalization, Financial Reports, Accountability, Marketing

*Received :* 30, July

*Revised :* 24, August

*Accepted:* 26, September

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### ABSTRACT

This research aims to evaluate the implementation of digitalization of financial reports in Village-Owned Enterprises (BUMDes) in Gunungsari District. Digitizing financial reports is an effort to increase transparency, accuracy and efficiency in BUMDes financial management. The research method used is a qualitative approach, which involves in-depth interviews with BUMDes managers in Gunungsari District and direct observation. The results of this research show that BUMDes in Gunungsari sub-district have implemented digital-based technology, but this is only for promotional and marketing activities, but for financial reports they still use a simple system.

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## **INTRODUCTION**

Village funds are obtained from the State Revenue and Expenditure Budget and transferred to villages through the District/City Regional Revenue and Expenditure Budget. These funds are used to finance government, development, community development and community empowerment. (Government Regulation number 60 of 2014). The purpose of providing Village Funds is as stimulant assistance or stimulant funds to encourage financing village government programs which are supported by community self-help and mutual cooperation participation in carrying out government activities and community empowerment, in order to improve welfare and equitable village development. Apart from that, village funds can also be used as capital support and management of productive economic businesses managed by BUMDes and/or together with BUMDes.

Currently, Indonesia has 83,381 villages (Ministry of Home Affairs Dukcapil Data, 2021). However, based on data from the Ministry of Villages PDTT (bumdes 2023), there are only 12,945 BUMDesas that have officially incorporated legal entities. Meanwhile, around 35,000 BUMDesa are still in the registration stage. Thus, there are still around 42 percent of villages that do not yet have BUMDesa. business planning and village potential development factors are still weak points. BUMDes managers have not been able to develop their village's unique resources into productive businesses. the ability to predict market opportunities for superior village products is almost nil. So this causes the village's superior products to only sell in the local market. Likewise, the ability of BUMDes managers to prepare financial reports in accordance with regulations is also still a challenge. So this also becomes 'homework' for BUMDes managers (Rejogja, 2023)

Financial reports that show accountability for the allocation of village funds must be prepared well and systematically in accordance with generally accepted accounting standards so that they are easy to see and facilitate economic decision making. As users of village funds, BUMDes are obliged to make accountable and transparent financial reports as responsibility for the village funds that have been used. Report Finance provides relevant information regarding the financial condition and all transactions carried out by the reporting entity during the reporting period. In general, BUMDes' financial reports are not much different from other financial reports.

Financial reports are needed to determine the overall financial performance of BUMDes in that period. Financial reports usually consist of a balance sheet, income statement, and statement of changes in equity. When filing financial reports, it is important to know that many parties rely on the information in the financial reports. Therefore, the financial information displayed in financial reports must be useful for users. Information is useful if it is understood and used by users. Criteria and factors that determine the quality of financial reports and make the information in financial reports useful include relevance, reliability, comparability and understanding.

The use of digitalization is the answer for economic actors to overcome limitations in the production of financial reports. According to the Big Indonesian Dictionary (KBBI), the term digitalization is the process of providing or using a digital system. Information digitalization involves changing various information from analog to digital format so that the information can be easily created, stored, managed and distributed to information users for various purposes and as a basis for decision-making processes. Digital technology also poses risks in data processing. This can cause data errors and result in incorrect or inaccurate data. To avoid mistakes in digitalization, human resources are needed who have developed and understand digitalization.

Currently, West Nusa Tenggara Province has 1,021 villages and 980 BUMDes, but it is very unfortunate because there are several BUMDes that have gone into hiatus due to several obstacles, one of which is human resources. The lack of public understanding regarding digitalization has resulted in BUMDes not being able to survive, resulting in BUMDes ceasing operations. One of the areas in NTB which has the largest number of BUMDes and is the main focus of this research is BUMDes in Gunungsari sub-district, BUMDes Gunungsari is a total of 16 BUMDes that have received training related to "preparing digital-based financial reports" conducted by Indriani, Martiningsih, and Inapty (2023). This research aims to determine digitalization in BUMDes financial reports in Gunungsari District.

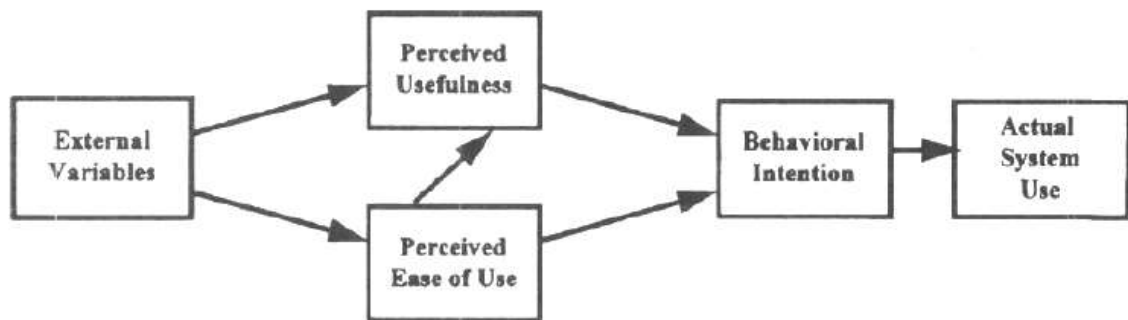
## LITERATURE REVIEW

*Technology Acceptance Model* (TAM) is theory reception technology Which used in study This. TAM the introduced by Davis (1989) is implementation theory *Reasoned Action* (TRA) Which designed special For modeling reception technology by user. TAM illustrates connection because consequence between confidence (benefit system information as well as convenience usage) And behavior, need, And user system information. TAM aim For describe as well as evaluate reception user to system information accountancy. TAM works as base For determine reciprocal between perception utility And perception convenience use IT (technology information) Which become attention user. TAM is theory Which interpret perception user technology. Perception user influence interest they in use IT. According to Davis (1998) acceptance technology own five characteristics:

1. Superiority relatively (technology offer improvements).
2. Suitability/compatibility (consistent with existing social practices and norms regarding the use of technology).
3. Complexity (convenience use or convenience learn technology).
4. Testability (ability do innovation before implement technology)
5. Observability (ability technology seen clear).

Development technology information has change method We Work And Also change method We behave. Every individual have perception Which vary

when apply Technology Information in work daily. Model reception technology take into account preference user in place Work And his activities. Acquire predictions term long reception user to technology can achieved with measure reaction emotional to use technology new. In model TAM, reception use IT determined by components following: perception convenience use, perception utility, attitude to use (use system actual), And interest in use (intention use. According to(Allahyari, 2012) Many aspects of human life are influenced by the rapid development of modern information technology (IT). According to (Om T, 2014) TAM is specifically used in the field of information systems to predict user acceptance and use in their own work.



**Figure 1. Original Technology Acceptance Model**

Source: Davis (1986)

TAM explains that human behavior is determined by two factors: behavioral beliefs and normative beliefs. These factors motivate a person to appreciate the results and stick to them. Therefore, this becomes a driver of a person's behavior (attitude) and personal norms (subjective norms). Attitudes and the existence of subjective norms influence attention/concentration (behavioral intention) in a person's behavior. Ultimately, behavioral intentions influence a person's actions (behavior). Development of TAM to investigate the determining factors of information system use by users. The results of this research show that the use of information systems is influenced by interest in using information systems, namely the perception of the usefulness of the technology (perceived usefulness) and the perception of ease of use of the technology (perceived user friendliness).

### *Financial Statements*

According to(Syahrman, 2021)Financial reports are basically the result of reflection of the many transactions that occur in a company. Transactions and events of a financial nature are recorded, classified and summarized in an appropriate manner in terms of money and then interpreted for various purposes. If presented correctly, this financial reporting information can be very useful for decision making by everyone, especially company management.According to PSAK 1 (Indonesian Accountants Association, 2017)Financial reports are a structured presentation of the financial position and performance of an entity. The purpose of financial statements is to provide information about an entity's financial position, performance, and cash flows so that most users of the report can use it to make economic decisions. Additionally,

financial reports show how management is responsible for the use of the resources provided to them..Basically, the purpose of financial reports is to provide information about the company's financial position, performance, changes in financial position, and help users make decisions.

The Indonesian Accountants Association (IAI) (2018:3) states that the objectives of financial reports are as follows:

- a. Provides information about the financial position, performance and changes of a company that is useful to a large number of users in making economic decisions; And
- b. Financial reports created for this purpose should meet the general needs of most users. Because financial statements generally describe the financial impact of various historical events, it is not required to provide non-financial information.
- c. Financial reports also show management actions or management responsibility for the resources provided. Users who want to assess what has been done or responsibilities.

### *Village Owned Business Enterprises*

According to the Village Law (2014) BUMDes is a business entity whose capital is wholly or largely owned by the Village through direct participation from separated Village assets. BUMDes is tasked with managing assets, services and other businesses with the aim of improving the welfare of village communities. BUMDes is used as a forum for village communities to strengthen their villages and become independent from the various possibilities that villages can offer. BUMDes is an organization that is entrusted by the village to improve community welfare and fulfill needs and interests public. It is hoped that the formation of BUMDes can become a local economic engine to improve the welfare of local communities based on the needs, potential and capabilities of the village. BUMDes have role strategic in development village. Develop potential economy village And create room alternative Where public village can develop in a way independent And participative.

On basically BUMDes still move on sector economy And Keep going develop in accordance with potential business village.<sup>5</sup>According to Hayyuna et al (2014)\_One way to make development in the village successful is to increase village income. The size of village income is influenced by the strategy carried out by BUMDes in managing and maximizing existing assets in the village. BUMDes Which Good can seen from connection between performance, profit, And sustainability. Quality service Which given to public Also have impact Which significant to aspect other. Service Which Good will push participation in BUMDes, And improvement amount customers will increase income And on Finally increase profit. Improvement sale And profit Which stable And sustainable will ensure sustainability BUMDes That Alone. However in side other, service BUMDes Which based kinship sometimes give rise to problem Because facility Which given by manager BUMDes assessed Not yet fulfil standard operational.

### ***Digitalization of Financial Reports***

In other words, digital transformation of the financial sector is an effort to manage finances by relying on the digital ecosystem and the latest technology (binus.ac.id, 2022). Digital financial digitalization refers to the use of digital technology to improve and optimize financial processes within an organization or financial institution. It involves software, applications and digital platforms to manage financial transactions, initiation, analysis and decision making. Financial digitalization allows the automation of various financial processes, such as transaction recording, payments and reporting. This helps reduce human errors, improve efficiency, and save time. With financial digitalization, financial information can be accessed from anywhere and at any time via digital devices such as computers or smartphones. This allows users to manage their finances more flexibly and efficiently. Through digitalization, financial data can be collected, stored and analyzed more effectively. This allows financial professionals to make better decisions based on the insights gained from the data. Financial digitalization also includes the development of digital financial services such as e-wallets, online payments, online loans and digital investments. This allows individuals and businesses to access financial services more easily and quickly without having to visit a physical office. One important aspect of financial digitalization is information security. Data protection and financial transactions are the main focus in developing a safe and trustworthy digital financial system.

In the era of industrial revolution 5.0, the use of technology, communication and information is increasingly developing and continuing to advance. In this era, the use of technology is very important to increase productivity, efficiency and quality of human life. Then, in this era, the digitalization process is very important. This process continues very quickly. With this rapid progress, digitalization has brought convenience to society and brought about many changes, including in aspects of government finance. According to DJPB Applications designed for procuring goods and services through online systems are known as digitalization of financial transactions. This digitalization aims to reduce costs by optimizing internal processes, such as automating operations and reducing paper use. Therefore, digitalization cannot occur without digitalization first, because the use of digital technology requires the use of digital data. According to (Anggadini, 2021) Nowadays, technology greatly influences our lives. Many businesses use technology to create financial reports, including special applications. Therefore, the function of technology has evolved and become very important for businesses. Producing high-quality financial reports accurately, minimizing 'fraud' and misunderstandings can be easily achieved with the help of technology. Information technology, use of systems, multimedia techniques, etc. make it easier to prepare high-quality financial reports according to established standards.

Easier and faster access to financial resources. The increasing digitization of financial reporting opens the door to easier and faster access to financial resources for various business units. Automated and digital processes enable businesses to access loans, investments and other financial services more

efficiently. This is the key to overcoming barriers to access to capital that are often faced by small and medium enterprises (SMEs). Business Process Efficiency The use of technology in financial reporting effectively simplifies business processes. Automating the collection, reporting, and analysis of financial data significantly reduces administrative burden. This allows companies to focus on growing their core business without worrying about complicated administrative processes. Increased access to global markets One of the big benefits of digitizing financial reports is that it gives companies access to global markets.

## **METHODOLOGY**

The type of research used is descriptive research with a qualitative approach. In this research, the researcher himself collected data by conducting interviews with related parties, namely BUMDes Gunungsari NTB staff. The interview was conducted using a structured interview technique based on a list of questions that had been prepared previously, asking detailed questions about the management of financial reporting at BUMDes Gunungsari NTB. Apart from that, researchers can also use tools such as cell phones for documentation and recording interview results during research. The data source for this research is primary data. The main data collected in this case was obtained directly through interviews with BUMDes Gunungsari NTB. Researchers used data collection techniques in the form of observation and interviews. data were analyzed using descriptive analysis techniques. The research was carried out by conducting interviews using an interview guide by interviewing key informants from one place to another.

## **RESEARCH RESULT AND DISCUSSION**

Gunungsari District is located in West Lombok Regency, West Nusa Tenggara province. Gunungsari District consists of 16 villages. Gunungsari sub-district has relatively large market potential so there are huge opportunities for developing various businesses in the villages in Gunungsari sub-district. Of course, this must be supported by a village government that is responsive to the diverse needs of local communities. As stated in law number 6 of 2014 concerning villages, the aim of village fund allocation is to increase the profits of villages and village communities through village-owned enterprises (BUMDes). All villages in Gunungsari sub-district currently have BUMDes. As stated This research was conducted at BUMDes Inti Sejahterawhich is located in Dikekeri village, and BUMDes Maju Berkah which is located in Midang village, Gunungsari District.

Based on the results of observations during research activities, it was found that financial information was not managed systematically and uniformly across all BUMDes in Gunungsari sub-district, which could affect the sustainability of BUMDes. Therefore, continuous efforts are needed to increase awareness of all parties regarding the benefits of advances in information and communication technology to systematically improve the management of BUMDes operations, finances and resources.

*Technology Acceptance Model*(TAM) is widely used to analyze and predict technology acceptance in various contexts, including software, mobile

applications, information systems, and other new technologies. Davis (1989) introduced aspects (TAM), which change the belief, attitude, intensity and relationship of user behavior. The Technology Acceptance Model (TAM) theory is usually used to study how someone can obtain new technological advances and what factors can influence selection, recognition, and intention to use innovation (Purwanto and Budiman, 2020). TAM theory also states that the intention to use a particular technology determines whether a person wants to use that technology or not (Tumsifu et al., 2020).

Based on the results of observations, it is known that there are two BUMDes that are active and have businesses that are quite popular with the surrounding community. The two BUMDes that were the target of the author's observations were BUMDes Inti Sejahtera which is located in Kekerri village and BUMDes Maju Berkah which is located in Midang village. The informants in this research were Mr. Nasrudin Aslan as director of BUMDes Inti Sejahtera and Mr. Zulkipli as treasurer at BUMDes Maju Berkah. Based on the results of interviews with the two informants, it is known that the two target BUMDes have not implemented digitalization in financial reporting as a whole. According to Mr. Nasrudin Aslan, chairman of BUMDes Inti Sejahtera, who stated that currently BUMDes Inti Sejahtera is still recording financial information manually, not yet using digital-based applications. Meanwhile, Mr. Zul, as treasurer of BUMDes Maju Berkah, said that BUMDes Maju Berkah has currently implemented digitalization of financial reports, although not yet completely.

The digitization of financial reports has not yet been fully implemented because the two BUMDes are still managed simply. This is because the human resources owned by BUMDes do not yet have sufficient competence to apply digital-based financial reports. Qualified, trained and knowledgeable human resources in the field of digitalization and financial information technology are very important to optimize the process of digitizing financial reports. They not only play a role in selecting and implementing the right technology, but also in ensuring that companies gain added value from the adoption of this technology through better data analysis, higher reporting quality, and good regulatory compliance. Human resources (HR) play a very important role in the development of a business as well as in the digitization of financial reports. Human resources who are trained, experienced and knowledgeable in the fields of accounting and finance are very important in the process of making financial reports. They are not only responsible for producing accurate and trustworthy reports, but also play a role in ensuring that the process is carried out efficiently and according to established standards.

If the workload is excessive on human resources who are little or poorly trained, it can cause a decrease in productivity and job satisfaction. This can affect employee morale and reduce motivation to contribute optimally to company goals. As experienced at BUMDes Inti Sejahtera, where financial reporting still does not use a digital-based system. As stated by Nasrudin Aslan, this is caused by inadequate human resources in BUMDes Inti Sejahtera, he further stated that this shortage in human resources was due to BUMDes You don't get a steady income, so that's what makes it rare for anyone to want to become a manager

BUMDes. Human resources are very important for the sustainability of a business, but to be able to create and maintain human resources, a business unit must ensure the welfare of its human resources so that human resources have motivation to work, this will increase work productivity an employee. As intended by Sriwododo (2010) which states that the welfare of human resources greatly influences the performance and work motivation of these human resources.

To increase human resources in the field of managing the digitalization of BUMDes finances, this can be done by holding training. Training partially influences the quality of financial reports in accordance with previous research conducted by Wungow (2016) found that training influences the quality of financial reports, this shows that the more training an employee participates in according to their field of work, the more skilled and qualified the employee will be. Training for digitizing financial reports is very important, participating in training allows employees to understand and use tools and technology effectively. Training will help you understand how to avoid common mistakes that occur in manual processes. And will learn to utilize existing technology features to compile, analyze and report financial data efficiently. With a better understanding of digitalization tools and processes, we can ensure that the financial reports produced are more accurate and comply with applicable standards.

BUMDes Inti prosperous and BUMDes Goes Forward Blessings already had attended training as stated by the two informants. This shows that the two BUMDes already have knowledge related to digitizing financial reports, but with only a few training intensity BUMDes have not been able to implement the application completely. Based on information from Mr. Zulkipli, it is known that since its founding in 2007, BUMDes Maju Berkah has used the Excel application, but it is still not possible to use other applications due to a lack of training intensity and understanding regarding other supporting digitalization applications. To support financial report digitization activities, adequate infrastructure is needed so that financial report digitization activities can be carried out. The availability of technology is very important to support the digitization of financial reports at BUMDes, the availability of computers, laptops, printers, scanners and other devices needed to access and manage financial data digitally. Good technological infrastructure enables the process of collecting, processing and reporting financial data to be more efficient. This can reduce the time required to prepare financial reports and allows for faster and more accurate analysis.

At BUMDes Maju Berkah already has sufficient infrastructure to support the digitization of financial reports, for financial reports at BUMDes Maju Berkah they have started to apply digital technology. By using good infrastructure, it makes it easier for BUMDes to archive financial reports that have been made. As stated by Zulkipli, we have provided technological equipment here from the Midang village office, in the form of laptops and printers for BUMDes operations. In contrast to BUMDes Maju Berkah, the infrastructure in BUMDes Inti Sejahtera is still inadequate, as stated by Mr. Nasrudin, which is due to having a small

amount of income because many people are in arrears on loan payments. This has an impact on inadequate infrastructure at BUMDes Inti Sejahtera, which ultimately makes it difficult to implement digitalization of financial reports. Adequate infrastructure is very important in supporting digitalization as stated by Gani (2021) that technological devices such as computers, mobile gadgets, tabs and internet networks are very important in business digitalization. Information systems can be utilized by many parties to achieve company excellence through speed, flexibility, integrity and accuracy of the information produced

## CONCLUSIONS AND RECOMMENDATIONS

This research aims to find out whether BUMDes in Gunungsari have implemented digital-based technology in financial reports and to what extent BUMDes in Gunungsari sub-district have implemented digitalization. Currently, the BUMDes that are the target of the research have started to implement digital-based technology, but this is only for promotional and marketing activities, but for financial reports they still use a simple system. To increase the digitization of BUMDes' financial reports, efforts need to be made to increase human resource capabilities so that the program can run optimally. It is hoped that the village government can budget more funds for BUMDes training needs so that they can increase training related to digitizing financial reports. It is hoped that the village government can budget funds to improve technological infrastructure in order to optimize the digitization of BUMDes financial reports. Digitalization has a very important role for all businesses, both small and large, including BUMDes. Digitalization can help improve efficiency, security and analysis of financial data to support better decision making and maintain the overall financial health of BUMDes.

## ADVANCED RESEARCH

This research still has limitations so further research is needed regarding the topic "Digitalization of BUMDes Financial Reports". It is hoped that future research will further expand and increase the number of samples.

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