Structured Accounting Recording as a Media for Supporting Business Sustainability and Progress Online Shop

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Abstract:  
It can be seen in many places that there are still many online business people who only pay attention to the profits they make without knowing the history of the transactions that have occurred. Of course, this will later result in the development of an ongoing business being hampered due to neglect of financial records, which is an important thing in a business. For this reason, to find out the importance of the role of structured accounting records in helping online business professionals when developing and promoting their business, the authors conducted research related to this. This research uses literature study method which consists of data analysis of scientific journals and reference books. The results show that there are five things that must be considered when structured accounting records are carried out, among others, the online store business, the concept of structured accounting records, structured accounting records that support the online store business, good and correct accounting procedures, and the continuity of the online store business. Based on the research results, it can be concluded that structured accounting records can support the continuity and progress of the online store business.

Keywords: Accounting records, business sustainability and progress, online shop

1. Preliminary

Today, the rapid development of technology affects all areas of life, and all of them can be accessed via a smartphone. The use of social media is widespread in Indonesian society. Based on research conducted by British media company we Are Social, Indonesians spend an average of 23 minutes on social media every day. We are social also stated that of the total 265.4 population in Indonesia, active users of social media have reached 130 million (Pertiwi, 2018). No wonder social media users have reached this number because children and even parents are also active users of social media.

One area that has felt the impact of the shift from casual to online behavior is the economic sector seen in most business activities, such as buying and selling via social media. Many online-based applications are used for buying and selling activities, such as Shopee, Lazada, Tokopedia, etc.

Currently, there is a combination of functions between social media and e-commerce. This can be seen from the number of online businesses that use Facebook, WhatsApp, Instagram and other social media as marketing tools. The research results of Priambada (2017) mention some of the benefits of social media for small and medium enterprises in Malang Raya, namely as a means of promotion, helping brand awareness and finding target audiences, increasing customers and expanding market share, as a marketing tool. To promote communication with potential buyers and increase sales. Significantly, marketing through social media is the right choice because with a greater number of social media users, the opportunity to attract buyers is higher. Beginners or small entrepreneurs can use this tool, and they can market their products through social media.

Attracting customers through social media is not difficult, considering that ordinary people who are friends on social media are people you know, be they old friends, friends, family members or coworkers. Most people are easily attracted to products sold by people they already know, and they trust people they know more than strangers. This is why small entrepreneurs prefer to use social media over e-commerce as an online business.

The increasing intensity of online business in an area will have an impact on increasing the added value of the regional economy. The great potential of online businesses is expected to encourage the development of MSMEs in accordance with the characteristics of their respective businesses (Machmud & Sidharta, 2013: 56). The existence of an online business can help the government increase its revenue and get income from taxes collected by these business activities. Online business also increases the income of business people who can use online media to do business, so it is hoped that this online business can reduce unemployment in Indonesia.

Using social media as an e-commerce media is the main goal of online business people. Given the operational costs incurred through e-commerce media are smaller than traditional companies that have to set up shop in their business
locations. Therefore, if a business must be carried out seriously in good management, then an online business has a great chance of success.

Determination of cost of goods, selling price, profit target and capital management system are things that must be considered for the smooth operation of a company. Good financial management is reflected in the existence of structured accounting records. However, in reality, many online businesses ignore financial records. Most of them only focus on profit, not how the transaction history happened.

From a micro perspective, their financial records are not correct (Laily, 2013). This happens because business people think that recording is troublesome and time-consuming. The reason for this assumption is that they do not know the importance of financial records for the sustainability and progress of their business. Basically, this problem is a form of lack of understanding of the importance of financial records by online business people. In addition, this is due to a lack of understanding and knowledge of correct and correct financial recording practices.

It can be seen from the author's search results through various channels that the average online merchant does not have sufficient financial records. In fact, financial recording can be used to identify capital inflows and outflows in more detail. Ignoring financial records can hinder the development of the business being run. Structured financial records can produce relevant financial reports for external and internal parties to make decisions. The Financial Reporting Conceptual Framework (Indonesian Institute of Accountants) suggests that reporting relevant financial information can help users make decisions with more confidence. Financial information is important for entrepreneurs to understand whether their business is profitable or losing. Therefore, financial information can be used as a basis for evaluating existing business activities. Financial information can also be used for consideration in future policies.

Structured financial records can help a business owner grow his business. The existence of structured recording can facilitate adjustment of transactions related to uncertainty of commodity sales. Corporate finances and personal finances will not be mixed together to obtain clear information about the profit and loss of the business, and business owners can monitor the financial status of businesses that are operating.

With this in mind, the topics raised in this article include: (1) online shop business, (2) the concept of structured accounting records, (3) structured accounting records that support online shop businesses, (4) good accounting procedures, (5) Sustainability and progress of the online shop business.

This study aims to determine the important role of accounting records in the development of the online shop business. The analysis was carried out by using the literature review method based on the theories collected from several reference sources. The implication of this research is that it can help online business professionals develop and promote their business through structured accounting concepts and procedures.

2. Methodology

The method used in this research is literature study method which consists of analysis of literature data and reference books. This research method is carried out by collecting and discussing theories of research problems from various sources, then the researcher comments and criticizes the existing theories in the literature, and the researcher will also discuss other theories related to ongoing research for comparison. Library materials used in this research include 10 scientific journals and five books.

The literature review method is used to find out how entrepreneurs carry out financial records and their impact on ongoing business developments. Therefore, it can be seen how useful structured financial recording is in supporting the sustainability and progress of the online shop business.

3. Results and Discussion

3.1. Online Shop Business

Online business is a business that is usually run online using the internet network, and the information that you want to convey or sell is usually using the media website (WiwitWulandari,2019). Some people interpret online business as a business activity, including services and products provided through internet media. From joining, negotiating to transaction activities, examples of online businesses that we encounter, such as hyip, ptc, ppc, and multilayer marketing without having to meet face to face with customers (Nasution, 2016). Therefore, online business is a business that uses online media for profit without requiring face to face contact between buyers and sellers. Since 2011, due to the increasing Internet penetration reaching 20% of Indonesia's total population, online business is growing rapidly. Indonesia's online business has a bright future.

An online shop is a simple choice for the casual businessman to start a business from scratch. Given that the capital spent is not much because the main capital is mobile phones and internet quotas. Working hours can also be adjusted and can be done anywhere, with a wider market coverage and simple and fast service. No wonder so many people now use social media for business. Any business role that can view its activities as part of its business activities or all of its business activities carried out via the internet, can be said to be running an online business. From junior high school students to housewives, almost all walks of life participate in this business. The products they buy and sell also vary, such as fashion, cosmetics, and accessories.

Online business players must also make careful calculations in terms of marketing strategies, network readiness, distribution channels, and financial management to take advantage of business potential. Financial management is one of the most important factors affecting the development of online businesses. This kind of financial management is often ignored and underestimated by small entrepreneurs. They pay too much attention to the products being traded and the
profits they make. Therefore, someday they will be confused about the ongoing business developments because they do not have clear financial records.

3.2. Concept of Structured Accounting Recording

According to Wijoyo (2005), recording is a periodic collection of data on turnover or income as a basis for calculating the payable tax. Financial records in an online business can play an important role in helping online entrepreneurs develop and maintain business continuity. Through financial recording, business actors will know how much economic wealth they have, how much capital they have and where it comes from, and how much profit and loss they get from the business they run. In addition, financial recording will help online business people obtain funds from investors (especially banks). There are still many online entrepreneurs who do not understand how to do correct and accurate accounting records, most of them only record the amounts earned and spent.

One of the obstacles to online business development is the lack of understanding of accounting records by business owners. This is due to low levels of business education and training as well as a lack of business experience. Financial transactions should be recorded regularly and adjusted according to the type of business to help business owners control the businesses they operate. Based on the results of the author’s research, it was found that there were still many online entrepreneurs who had inconsistent financial records. They only keep records for a certain period of time, and not all financial transactions can be used as proof of transactions, which can result in recording errors. This causes the financial condition on the bill to be different from the actual financial situation. Efforts that must be made to avoid this incident are to make financial records in a timely manner and provide proof of transactions for all transactions that occur. Discipline in running a business is an important role that must be built for the success of a business.

Discipline in running a business is an important role that must be built for the success of a business. The discipline in question is not to confuse company assets with personal assets. It is very important to distinguish between company wealth and personal wealth in the financial records so that we can find out how much wealth and profit we operate in the business. Through this separation, we can clearly understand the true business situation. The business owner can see the development of his business and can determine the right strategy in the future. This theory becomes an inhibiting factor for business development. Therefore, Business owners must record their salaries every month. Therefore, the resulting financial statements can provide relevant and reliable financial information.

3.3. Structured Accounting Recordings to Support Online Shop Business

The purpose of recording financial transactions is to make the right decisions. In every business, the financial record-keeping process must end in order to understand the business cycle and monitor business developments. In another sense, the owner can use the end result of the process to determine whether the previously set goals have been achieved, and thus determine whether the business being run has improved or the expected results have not been seen. By using information obtained from structured financial reports, online businesses can analyze the internal conditions experienced by their business. Business people can also determine the right solutions their business might face and determine the strategy that best fits the situation.

Most business people underestimate online trading because they are just a small business and are just starting out. They don’t really care about their financial records, they only care about the money coming in and going out. As a result, they don’t know whether the online business they are running is making a profit or a loss. They believe that if the price of the product / service being sold is higher than the purchase price, it means that their business can also profit. They also don’t know whether the online business they are running is making a profit or a loss, it is necessary to compile records in accordance with established accounting standards. The end result of the accounting process is a financial report that produces financial information. Owners can use financial information relating to financial transaction accounting data to achieve business success. In order for owners to monitor the financial status of the businesses we operate, all financial-related content must be recorded and summarized in a report (Yiong, 2004: 11).

3.4. Good and Correct Accounting Procedures

According to Kieso, Weygandt, and Warrfield (2017), the process of financial recording begins by identifying transactions, journals, trial balances, adjusting journals, and preparing financial reports. The process of financial recording can be called the accounting cycle or accounting process. According to ZarahPuspitaningtyas (2017), the accounting process begins with recording transactions, classifying or classifying financial information, reporting and analysis. Companies usually use accounting procedures to record transactions and prepare financial reports.

The first step of the accounting cycle is to analyze and record financial transactions. The company must record all financial transactions that occur, no matter how small the amount. This means that the company records as many transactions as possible that affect its financial health. Generally, in terms of human resources, companies do not record certain transactions due to complex measurement issues. The company records transactions and events that affect assets, liabilities and equity in a daily book.

The transaction affects two or more accounts, each on a different page in the ledger. Therefore, to obtain complete records of every transaction, companies use diaries or so-called original books. An ordinary journal, in its simplest form, contains transactions that are debited and credited to the account in a chronological order. After recording transactions in
a journal, the next step is to post them to the ledger. General ledger contains all asset, liability, equity, income and expense accounts. Each ordinary journal consists of five columns: (1) date, (2) account name and description, (3) reference, (4) debit, and (5) credit. The company enters debit, then credit (indented slightly). The explanation starts with the last account name entered. Ref column is completed at the time of posting the account.

In some cases, apart from using regular journals, companies also use special journals. Special journals are used for companies with many transactions, and these transactions occur frequently. A special journal consists of a cash receipt journal, a cash disbursement journal, a purchase journal and a sales journal. The use of special journals can reduce accounting time. Posting is the process by which the journal enters the ledger. Posting includes the following steps: (1) In the ledger, fill in the appropriate column on the date of debit account, journal page and debit amount displayed in the journal, (2) in the journal reference column enter the following code: (3) In ledger fill in the appropriate column on the credit date, journal page and credit amount listed in the journal.

Figures in the “Reference” column of the regular journal refers to the ledger accounts that have been posted. For example, “101” is placed in the right column of “Cash”, indicating that the company will be Rp. 1,000,000 posted to account number 101 in the ledger. When the company records all the posting reference numbers for the account names in the journal, the posting of the ledger is complete. The next step is to achieve balance. Trial balance includes accounts and balances at a specific time. Companies usually prepare trial balances at the end of the accounting period. Trial balance contains a list of accounts displayed in the ledger, debit balances are listed in the left column, and credit balances are listed in the right column. The sum of the two columns must be the same.

Trial balance proves the mathematical equation between debit and credit after posting. The spreadsheet also shows errors in journals and posts. In addition, trial balances are also useful when preparing financial reports. The steps for preparing a trial balance include: (1) listing the name of the account and the balance, (2) combining the debit and credit columns, and (3) proving the similarity of the two columns. In order for company account balances to be shown as real amounts at the end of the period, the company must make adjusting entries at the end of the accounting period. Use the adjusting entry entries to accurately report currency assets, liabilities, and currency equity in the statement of financial position at the reporting date. Adjusting entry entries can also enable the appropriate reporting of income and expenses in the income statement for the period.

After all the adjusting entries are recorded and posted, the next step is to prepare a trial balance. Therefore, the adjusted trial balance shows the effects of all financial events that occurred during the accounting period. Companies can prepare financial reports directly from the adjusted trial balance. Five types of financial reports that must be prepared are income statements, changes in equity, statements of financial position, cash flow statements and notes to financial statements. Stakeholders will use the information in the financial statements to make decisions. Business owners need financial information to see ongoing business developments. Through these financial reports, business owners can also control their business.

3.5. Online Shop Business Continuity and Progress

According to Zarah Puspitaningtyas (2017), financial information generated from the accounting process is an indicator of business success. This financial information is the basis for business owners to make decisions that contribute to the success of their business. The benefits of accounting and requests for accounting information have contributed significantly to the use of long-term accounting information by entrepreneurs to encourage the development and sustainability of their business (Hira, 2009; Astuti, 2010; Ediraras, 2010; Puspitaningtyas, 2012; Putra and Kurniawati, 2012; Salazar et al., 2012; Schaltengger et al., 2012; Karina, 2014; Williams and O’Donovan, 2015).

The existence of good financial information can help business actors make the right decisions for their business. Business owners / managers are closely related to making complex and strategic financial decisions related to the successful achievement of goals and business sustainability (Draxler, Fischer, and Schoar, 2014). Therefore, to be successful in business, you must have expertise in accounting, especially financial recording. A successful company will definitely be supported by the accounting skills of all parties in the company. A running business can thrive because the decisions and policies taken are interrelated. Relevant decisions will affect company performance, and good performance will also make the company move in a better direction.

Dahmen and Rodriguez (2014) in their research state that there is a significant relationship between financial literacy and entrepreneurial performance. This relationship logically applies to companies with sound financial knowledge, so that they can strategically determine and respond to changing business, economic and financial environments. The decisions taken will create innovative and targeted solutions to improve business performance and sustainability.

Business sustainability means a company can maintain its survival in a business world that has many competitors. In the fierce competition, this business is still well established. Competition like this is what makes a business reach its peak, which means that competition is one of the motivations to strive for success and progress.

Pipit Rosita A & Justita D (2018) state that if a company wants to survive for a long time, financial recording is an element that cannot be ignored, because in business activities, of course, it requires financial records, so that each transaction can be clearly identified. Business continuity can be seen from the company’s success in innovating, managing employees and customers, and returning initial capital. In addition, it can be seen from the financial statements that are stable and show a good financial status.
4. Conclusion

Based on the results of the analysis and discussion, it can be concluded that the accounting and financial management processes can provide benefits for online businesses to assist in the development of online store businesses.

A good and structured accounting process should begin with identifying transactions, keeping journals, trial balances, adjusting journals, and preparing financial reports. The financial statements will be used as a basis for making relevant decisions in the future.

When applying financial records, several important things must be considered, namely: segregation of personal wealth and business assets, implementation of time discipline and commitment to financial records, segregation of recording of each transaction, and recording of all transactions, regardless of value.

Business continuity can be proven by the company's success in innovating, managing employees and customers, and returning initial capital. In addition, it can be seen from the financial statements that are stable and show a good financial status.

One way to be successful in an online business is to keep financial records so that the business is being run remains under control. If a business will last a long time, financial recording is an element that cannot be ignored because in business activities, of course, it requires financial records/Accounting so that each transaction can be clearly identified.

5. Recommendation

In this study, it can be seen that structured accounting records play an important role in the sustainability and progress of the online store business. Therefore, the authors suggest that researchers can examine the relationship between the two through quantitative research methods. This allows a deeper study of the relationship between accounting records and business success.

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