

Identification of the Quality of Financial Reports of MSMEs In Jambi Province in the Covid-19 Era on Internal Control and Digitalization Transformation

Wiralestari*), Enggar Diah Puspa Arum, Rita Friyani
Universitas Jambi

ABSTRACT:- Micro, Small and Medium Enterprises (MSMEs) are one of the drivers of a country's economy. During the monetary crisis where all economic entities went bankrupt, MSMEs were able to survive. However, during the COVID-19 pandemic, many MSMEs cannot survive. Currently, MSMEs are facing a big challenge for their business continuity during the pandemic, namely by means of digitalization. With the advent of digitalization, the pattern of business behavior changes from offline to online. This change in terms of marketing provides security and comfort for MSME actors. Digitization provides many benefits for MSMEs, one of which is to improve the quality of financial reports so that MSMEs can survive during the COVID-19 pandemic. In addition to digitalization, internal control is also needed to improve the quality of MSME financial reports.

Keyword: MSMEs, Digitization, Quality of Financial Reports, Internal Control

I. INTRODUCTION

The spread of the Covid-19 virus is currently continuing to spread and there is no catch point that this virus will end its spread. The initial appearance of this virus occurred in 2019 when it was found in the city of Wuhan, which eventually spread to almost all countries in the world. As a result of this virus outbreak, it has almost paralyzed the country's economy in all sectors (Amri, 2020). Various sectors affected are restaurants, markets, shopping centers, online transportation, and MSMEs (Winarsih, Indriastuti & Fuad, 2021).

Micro, small and medium enterprises (MSMEs) are the sectors most affected by the COVID-19 virus (Pandu P Sjahrir, 2020). Based on survey data conducted by the Katadata Insight Center (2020), it was found that 56.8% of MSMEs were in bad condition and only 14.1% of MSMEs were in good condition. This shows that the majority (82.9%) of MSMEs experienced a negative impact from this virus outbreak. Based on these data, it shows that the majority (63.9%) of MSMEs experienced a decline in sales turnover of more than 30%. For Jambi Province MSMEs, the number of MSMEs affected by COVID-19 is 11, 454 MSMEs with the position of Jambi City being in first place, followed by the cities of Sungai Full, Tabjamtim, and Tanjabar (Hamdan, 2020). In addition, the quality of financial reports is a key indicator of the success of MSME performance, based on the results of Yunita's research (2020) which shows that only about 22.5% of MSMEs have financial reports, and the remaining 87.5% of MSMEs have modest financial reports. This is because many still think that financial statements are not very important for MSMEs. This is also reinforced by research conducted by Saiful and Setyo (2017) which reveals that the quality of MSME financial reports is only indicated by information on the income and expenditure of MSME activities.

So far, MSMEs are a business sector that can survive in crisis conditions. MSMEs have been one of the driving wheels of the country's economy. Currently, MSMEs are facing big challenges for their business continuity during the pandemic, namely by means of digitalization (Wijoyo & Widiyanti, 2020). In the current era of Industry 4.0, MSMEs are considered quite ready to adopt the application of digitalization. This can be seen from the digitization readiness index by MSMEs which is at index 3.6 (Katadata Insight Center, 2020). With digitalization, the pattern of business behavior changes from offline to online. This change in terms of marketing provides security and comfort for MSME actors (Winarsih, Indriastuti & Fuad, 2021). In addition, digitalization can improve the quality of MSME financial reports. Digitization provides the benefits of accuracy and flexibility in preparing financial reports. Another benefit of digital transformation is that data input accuracy increases, errors can be minimized, financial reports can be presented in a timely manner because digitization helps speed up transaction processing (Shofawati, 2019; Zadeh et al, 2015; Medina et al, 2015; Bakrie, 2016; Lim, 2013; Sacer & Oluic, 2013; Liyan, 2013;). Thus, management can easily prepare financial statements (Nurlis & Winwin, 2017). Research conducted by Liyan (2013) resulted that the digitalization of information technology affects the quality of financial reports, but research by Nurlis & Winwin (2017) results in the digitization of information technology having no effect on the quality of financial reports, and several previous

researchers found a negative effect between digitalization on the quality of financial statements. financial statements.

Internal control can improve the quality of financial reports. Internal control is an activity of monitoring, directing and measuring the organization's human resources. Management can control the organization's files with an internal control system. Management can minimize recording and calculation errors (Kasim. 2015). In terms of digitization, management must implement internal controls to avoid repeated mistakes. This is because digitalization requires management to carry out an update system that is in accordance with regulations and legislation, there are access restrictions, requiring data backup media to avoid data loss. Thus, good internal control can help management to ensure that the data produced is fully accurate (Afiah & Rahmatika, 2014). Based on the description above, researchers are interested in conducting research on Internal Control and Digitalization Transformation in the Covid-19 Era on the Quality of Jambi Province MSME Financial Reports.

HYPOTHESES DEVELOPMENT

Internal control is defined as a process carried out by management and other entity personnel designed to provide reasonable assurance regarding the achievement of objectives, one of which is the control of financial reporting related to the preparation of reliable published financial statements (Konrath, 2002). Internal control has the main goal of being effective and efficient (COSO, 2013). The effectiveness and efficiency of internal control includes not only evaluating the company's performance but also how to minimize the occurrence of risks. Internal control is needed, especially for family companies such as MSMEs, because internal control is one of the tools to determine success or failure in running a business (Suarez, 2017). When the internal control in a business is very weak, it will have a bad impact on the company, among others; lenders will reduce the amount of loans, financial statements become unreasonable, the occurrence of window dressing, weaknesses in providing financial reports to management, difficulties in transforming the next leadership (Costello & Regina, 2011; Marcoux et al, 2016; Bruwer et al, 2019).

H1: There is an influence of internal control in the covid-19 era on the quality of MSME financial reports in Jambi Province

The digitalization transformation is a major and comprehensive change in the use of information technology. This is due to the influence of the use of digital technology in human life (Kaplan et al. 2010). The digitalization transformation for MSMEs must be supported by the government and stakeholders (Barranet al, 2019). With the use of digital technology, MSMEs can increase their agility, so they can adjust their business to be processed quickly, not in months but weeks, even days (Björkdahl, 2020). Therefore, it is important to understand that the SME transformation process is caused by external stimuli and occurs within limited time constraints. Companies must possess a certain level of agility to enable them to build the relevant capabilities to take advantage of the opportunities that arise from digitization, and hence, they are able to withstand the pressures of a changing environment (Seetharaman, 2020). The biggest impact of digitization is being able to track and record financial transactions, saving time. , making financial reports quick and easy to make management decisions, improving the accounting function, increasing accuracy, faster processing, and better external reporting (Ghasemi et al, 2011).

H2: There is an effect of digitalization transformation in the covid-19 era on the quality of MSME financial reports in Jambi Province

II. METHODS

This research will be conducted on UMKM in Jambi Province which consists of 9 regencies and 2 municipalities, including Jambi City, Sungai Penuh City, Batanghari Regency, Muaro Jambi Regency, Sarolangun Regency, Merangin Regency, Tanjabtim Regency, Tanjabbar Regency, Tebo Regency, Bungo Regency, and Kerinci Regency.

The population in this study is MSMEs in Jambi Province registered with the Jambi Industry and Trade Office as many as 104,155 MSMEs. Sample, The sampling method used is Propability sampling. The technique used is Random Sampling. The sample size can be determined using the formula from Taro Yamane or Slovin (Riduwan 2008) as follows:

$$n = \frac{N}{N.d^2 + 1}$$

Description:

n = The size of the sample sought
N = Total Population

d^2 = Precise set at 10%

Based on the formula above, in this study the sample size is:

$$n = \frac{104.155}{104.155(0,1)^2+1} = \frac{104.155}{1042,55} = 99,9$$

n = 100 MSMEs

From the 100 research samples that returned the research questionnaire, 47 SMEs were not included in the research data because they were incomplete in filling out the questionnaire, the rest (54 SMEs) were not willing to fill out the questionnaire/return the questionnaire/not respond at all.

Digital transformation is seen from incentive competition, integrated e-wallet, skills and knowledge, and accounting software. Internal control is seen from the components of internal control, namely risk assessment of the control environment, risk assessment, control activities, information and communication, and monitoring. Meanwhile, the quality of financial reports is seen from the qualitative characteristics of financial reports, namely reliable, relevant, timely, complete.

Data collection methods were carried out through questionnaires and interviews/in-depth interviews. According to Sekaran and Bogie (2010: 197) a response rate of 30% is considered acceptable, and to speed up obtaining answers to the questionnaire, follow-up was carried out by telephone, e-mail, and visiting respondents.

This study uses multiple regression analysis, with the following regression equation:

$$KLK = \alpha + \beta_1PI + \beta_2TD + \epsilon$$

Where:

- KLK= quality of financial reports
- PI = internal control
- TD = digitalization transformation
- α = coefficient
- β = constant
- ϵ = error

III. RESULTS AND DISCUSSION

RESULTS

Before testing the hypothesis, it is necessary to test the validity of the regression equation based on the classical assumptions. Theoretically, the model used will produce a valid estimator parameter value if it meets the assumptions of normality, does not occur multicollinearity, and does not occur heteroscedasticity.

a) Normality Test

Results Normality test aims to test whether the relationship between the dependent variable and the independent variable has a normal distribution or not. A good regression model is one that has a normal or close to normal data distribution. The testing tool used in this study uses histogram graph analysis (P-Plot normal test). The results of the normality test are as follows:

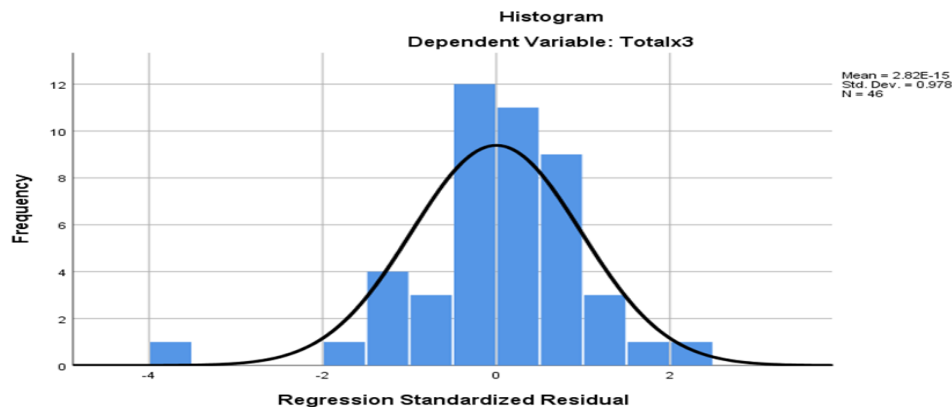


Figure 1 Normality Test

Based on Figure 1, it can be seen that the histogram graph gives a distribution pattern that deviates to the right. The results of Figure 1 give the conclusion that the research data is normally distributed.

b) Heteroscedasticity Test Results

Heteroscedasticity is an indication that the variance between residuals is not homogeneous which results in the estimated value obtained to be efficient. To test whether the variance of the residuals is homogeneous, the Park test is used. The research data is free from heteroscedasticity test if the significance value is > 0.05. In table 3, the results of the park test for the heteroscedasticity test are presented:

Table 3. Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.908	.426		2.132	.039
Totalx1	-.005	.026	-.048	-.210	.835
totalx2	-.011	.017	-.151	-.654	.517

Based on table 3 shows the significant value of all variables > from 0.05, so it can be concluded that the research data is free from the occurrence of heteroscedasticity.

c) Multicollinearity Test

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables (Imam Ghozali, 2011:105). For the multicollinearity test, it is seen from the tolerance value and its opponent as well as the variance inflation factor (VIF) value. Research data is declared free of multicollinearity test if the VIF value is not greater than 10 and the tolerance value is more than 0.1. Multicollinearity test can be seen as follows:

Table 4. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.908	.426		2.132	.039		
	Totalx1	-.005	.026	-.048	-.210	.835	.419	2.385
	totalx2	-.011	.017	-.151	-.654	.517	.419	2.385

Based on table 4 above, it shows that all independent variables show a tolerance value > 0.1 and the results of the VIF calculation also show that all independent variables have a VIF value < 10. Based on the results from table 4, it can be concluded that there is no multicollinearity between independent variables in the regression model.

Table 5 hierarchy regression modelling

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.456	.630		2.311	.026		
	Totalx1	.827	.038	1.046	21.862	.000	.419	2.385
	totalx2	-.046	.025	-.089	-1.870	.068	.419	2.385

From the results of data processing using hierarchy regression modeling, the results of the internal control regression on the quality of financial reports are positive. This means that the existence of internal control in the MSME organs will improve the quality of financial reports. The significance value of internal control is 0.000, which is smaller than the significance level of 0.05. This shows that internal control has a significant effect on the quality of financial statements.

From the results of data processing using hierarchy regression modeling, the results of the digitization transformation regression on the quality of financial reports are positive. This means that the digitalization

transformation in the MSME organs will improve the quality of financial reports. The significance value of the digitization transformation is 0.068, which is greater than the significance level of 0.05. This shows that the digitalization transformation has no significant effect on the quality of financial reports.

IV. DISCUSSION

The Effect of Internal Control in the Covid 19 Era on the Quality of MSME Reports in Jambi Province

Internal control is one of the important factors in improving the quality of financial reports. Where in internal control is built from several control components, namely; control environment, risk assessment, control activities, information and communication, and monitoring (COSO, 2013). Internal control has a function to prepare reliable financial information, ensure compliance with applicable regulations and policies and efficiency in managing existing resources (Konrath, 2002). Internal control has the objective to avoid fraud in the financial statements and reduce the risks that will be faced by the entity.

According to COSO (2013) internal control related to financial statements is divided into first, physical control which in an entity there is authorization for transactions, separation of duties and authorities, accounting records, supervision, supervision in terms of access, and others. Second, general control where this control is more computer-based and application controls such as: data operation control, application system development and maintenance, and so on. Third, this application control relates to control in application management so that applications can be carried out correctly and accurately.

Furthermore, the five components in internal control with three control components related to financial reports are related and integrated. This is aimed at securing the assets owned by MSMEs, ensuring certainty that MSME operational activities can run effectively, efficiently and optimally. Based on the results of the research questionnaire, the implementation of internal control is sufficient. Most MSMEs in Jambi province have unconsciously implemented internal controls in their business activities. This can be seen from the results of the answers to the research questionnaire where MSMEs have carried out internal controls such as; physical asset security, transaction authorization, access restrictions, and they have communication tools and evaluate their business activities.

For the internal control component related to segregation of duties, it is still difficult to do because most MSMEs are family-owned, limited in resources. Furthermore, this internal control is carried out by MSMEs not only in operational activities but carried out up to the accounting process in producing financial reports. For the accounting process itself, many MSMEs do it manually. However, this is not an obstacle in implementing internal control within the MSME itself. The results of this study are not in line with Weli's research (2019) which states that internal control has no effect on the quality of MSME financial reports. However, this research is in line with the research conducted by Samuel, et al (2021) which states that internal control has an influence on the quality of MSME financial reports.

The Effect of Digitalization Transformation in the Covid-19 Era on the Quality of MSME Financial Reports in Jambi Province

The digitalization transformation is a major and comprehensive change in the use of information technology. This is due to the influence of the use of digital technology in human life (Kaplan et al. 2010). The digitalization transformation for MSMEs must be supported by the government and stakeholders (Barranet al, 2019). With the use of digital technology, MSMEs can increase their agility, so they can adjust their business to be processed quickly, not in months but weeks, even days (Björkdahl, 2020).

Therefore, it is important to understand that the SME transformation process is caused by external stimuli and occurs within limited time constraints. Companies must possess a certain level of agility to enable them to build relevant capabilities to take advantage of the opportunities arising from digitalization, and hence, they are able to withstand the pressures of a changing environment (Seetharaman, 2020). Furthermore, Fitriyani (2020) revealed that digitalization transformation is not only related to adopting new technology, but digitalization transformation provides convenience in redesigning business models by adapting to environmental changes.

Currently, MSMEs are experiencing changes during this Covid 19 period, where there is a policy of limiting activities outside and inside the room. As a result, there is a change in people's behavior which prefers everything that is digitalized to interact. In addition, increasingly sophisticated technological developments make everything faster and easier to use, which is a factor that results in these behavioral changes.

Thus, to be able to survive during this Covid 19 period, many MSMEs have undergone changes in carrying out their operational activities. These changes can be seen from the activities that are usually carried out offline to online. The results of this study are in line with research conducted by Anjar et al (2020), Wijoyo & Widiyanti (2021), and Winarsih et al (2021). By changing marketing and financial strategies to digitalization, it can make it easier for MSMEs to build networks, communicate with customers, introduce their products, to record transactions (Wijoyo & Widiyanti, 2021). It is believed that changes in business patterns and behavior will last a long time because they provide convenience. However, some SMEs do not yet have knowledge of digital skills relevant to their business. In fact, during the Covid-19 condition, online businesses can produce sustainability in their business which can take place now and in the future Winarsih et al (2021). In addition, MSMEs in Jambi province are transforming to digitalization. Most of them apply digitization only in sales activities. For accounting activities, many still use manual systems. They have not recorded and made digital financial reports (Wiralestari and Riski, 2020). This is due to their lack of knowledge about financial reports using digitization and related to the costs incurred.

V. CONCLUSION AND SUGGESTION

CONCLUSION

The results of this study can be concluded:

1. The adoption of digital transformation for MSMEs in Jambi Province has begun, although it is only limited to marketing strategies and sales transactions. For the digital adoption of financial reports, many still have not implemented it.
2. Internal control in the era of covid 19 affects the quality of the Jambi Province MSME financial reports. This is because MSME actors are starting to realize the importance of internal control, especially in terms of physical asset security.
3. The digitalization transformation in the covid 19 era has no effect on the quality of the Jambi Province MSME financial reports. This is because there are still many MSMEs in Jambi Province that record their finances manually so that accuracy is a problem. In addition, there is still a lack of knowledge about financial digitization.

SUGGESTIONS

Suggestions obtained based on the results of the study are:

1. It is necessary for the Department of Cooperatives and MSMEs as well as institutions related to MSMEs to conduct training and socialization related to the digitization of financial reports.
2. MSME actors need to increase their knowledge not only related to branding, marketing, but also increase their knowledge in the field of digitizing financial reports.

ACKNOWLEDGMENT

For the success of this research, researchers are supported by the facilities and infrastructure owned by the Faculty of Economics and Business and the Department of Accounting, Faculty of Economics and Business, Jambi University, which facilities can fully be used for the success of the objectives of this research. Facilities that can be used by researchers are supporting books related to research available in the library of the Faculty of Economics and Business, Jambi University and LPPM Jambi University.

REFERENCES

- [1]. Amri, Andi. 2020. Dampak Covid-19 Terhadap Umkm Di Indonesia. Jurnal Brand, Volume 2 No. 1, Juni 2020 <https://ejournals.umma.ac.id/index.php/brand>.
- [2]. Anjar Priyono, Abdul Moin and Vera Nur Aini Oktaviani Putri. 2020. Identifying Digital Transformation Paths in the Business Model of SMEs during the COVID-19 Pandemic. Journal of Open Innovation:Technology, Market, and Complexity.
- [3]. Barann, B., Hermann, A., Cordes, A.K., Chasin, F., Becker, J. 2019. Supporting digital transformation in small and medium-sized enterprises: a procedure model involving publicly funded support units. In: Proceedings of the 52nd Hawaii International Conference on System Sciences, pp. 4977–4986 (2019). <https://scholarspace.manoa.hawaii.edu/handle/10125/59935>.
- [4]. Björkdahl, J. 2020. Strategies for digitalization in manufacturing firms. Calif. Manag. Rev. 2020, 1–20.
- [5]. Bakri. 2016. Effect of the Use of Information Technology and Organization Cultural of the Quality Accounting Information System. Internatioal J. Sci. Technol. Res., vol. 5, no. 04, pp. 120–125, 2016.
- [6]. Brookson, S. 2009. Understanding Accounts. London: Dorling Kindersley. Bruwer, J.-P., Beck, T., Smith, J., Naidoo, V., & Green, P. 2019. Do Accountancy Skills of Management Influence the Attainment of Key Financial Objectives in Selected South African Fast Moving Consumer Goods Small, Medium and Micro Enterprises? ACTA Universitatis Danubius, 15(2), 288-299.

- [7]. COSO. 2013. Internal Control Integrated Framework: Executive Summary. Durham, North Carolina: Corruption Perceptions Index; 2015. Available from: <http://www.ransparency.org>
- [8]. Costello, A. M., & Regina, R. 2011. The Impact of Financial Reporting Quality on Debt Contracting: Evidence from Internal Control Weakness Reports. *Journal of Accounting Research*. <https://doi.org/10.1111/j.1475-679X.2010.00388.x>
- [9]. E. Y. Kasim. 2015. Effect of Government Accountants Competency and Implementation of Internal Control to the Quality of Government Financial Reporting. *Int. J. Business, Econ. Law*, vol. 8, no. 1, pp. 97–105, 2015.
- [10]. Feni, Dwi Anggraeni, Imam Hardjanto, and Ainul Hayat. 2020. Pengembangan Usaha Mikro, Kecil, Dan Menengah (Ukm) Melalui Fasilitas Pihak Eksternal Dan Potensi Internal (Kecamatan Blimbing, Kota Malang). *Jurnal Administrasi Publik (JAP)*, Vol. 1, No. 6, Hal. 1286-1295.
- [11]. Fitriyani, Fika. 2020. "How Do Small and Medium Enterprise (SME) Survive The COVID-19 Outbreak?" *Jurnal Inovasi Ekonomi* 5(02): 53–62.
- [12]. F. P. C. Lim. 2013. Impact of Information Technology on Accounting Systems. *Asia-pacific J. Multimed. Serv. Converg. with Art, Humanit. Sociol.*, vol. 3, no. 2, pp. 93–106, 2013.
- [13]. Ghasemi, M., Shafeiepour, V., Aslani, M., & Barvayeh, E. 2011. The impact of information technology (it) on modern accounting systems. *Procedia - Social and Behavioral Sciences*. <https://doi.org/10.1016/j.sbspro.2011.11.023>
- [14]. Hamdan, selaku Kepala Dina sKoperasi dan UMKM Provinsi Jambi. 2020. 11.454 Pelaku Usaha Mikro di Jambi Terdampak Pandemi Covid 19. Melalui <https://rri.co.id/jambi/ekonomi/863311/11-454-pelaku-usaha-mikro-di-jambi-terdampak-pandemi-covid-19>. Diakses [12/02/2021].
- [15]. Heripracoyo, S. 2014. Analisa Studi Literatur Manfaat Implementasi Komputasi Awan untuk Perusahaan. *ComTech*, 5 No. 1, 154 -162.
- [16]. Hendri. 2015. Adopsi Cloud Computing untuk Usaha Mikro Kecil dan Menengah (UMKM) di provinsi Jambi. *Jurnal Ilmiah Media Processor*.
- [17]. International Public Sector Accounting Standards (IPSAS). 2010. Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities. The International Federation of Accountants (IFAC). Available from: <http://www.fac.org>.
- [18]. Jonas, G., Blanchet, J. 2000. Assessing quality of financial reporting. *Accounting Horizons*, 14(3), 353.
- [19]. J. M. Medina-Quintero, A. Mora, and D. Abrego. 2015. Enterprise Technology in Support for Accounting Information Systems: An Innovation and Productivity Approach. *J. Inf. Syst. Technol. Manag.*, vol. 12, no. 1, pp. 29–44, 2015.
- [20]. Katadata Insight Center. 2020. Digitalisasi UMKM di Tengah Pandemi Covid-19. Melalui <https://katadata.co.id/umkm>. Diakses [12/02/2021].
- [21]. Kaplan, B., Truex, D.P., Wastell, D., Wood-Harper, A.T., DeGross, J. 2010. *Information Systems Research: Relevant Theory and Informed Practice*. Springer, Heidelberg.
- [22]. Konrath, L. 2002. *Auditing Concepts and Applications: A Risk-Analysis Approach*. 5th ed. United States of America: West Publishing Company.
- [23]. Kim, Youngseek & Kevin Crowston. 2011, Technology Adoption and Use Theory Review for Studying Scientists' Continued Use of Cyber-Infrastructure. ASIST. New Orleans, LA, USA. Retrieved from <http://crowston.syr.edu/system/files/ASIST2011-Cyber-infrastructureTheoryReview-FinalVersion-1.pdf>
- [24]. L. Liyan, 2013. The Impact of Information Technology on Accounting Theory, Accounting Profession, and Chinese Accounting Education Profession, and Chinese Accounting Education. *Wuhan Int. Conf. E-bus. 2013 Proc.*, 2013.
- [25]. M. H. K. Zadeh, A. Karkon, and H. Golnari. 2015. The Effect of Information Technology on the Quality of Accounting Information system and Its impact on the Quality of Accounting Information. *Res. J. Financ. Account.*, vol. 3, no. 3, pp. 061–076, 2015.
- [26]. M. I. Sačer and A. Oluić. 2013. Information Technology and Accounting Information Systems' Quality in Croatian Middle and Large Companies," *J. Inf. Organ. Sci.*, vol. 37, no. 2, pp. 117–126, 2013.
- [27]. Marcoux, G., Guihur, I., & Koffi, V. 2016. Employees' Contribution to the Succession Process of Family Small and Medium-sized Businesses: Conceptual Model and Research Agenda. *Management Review: An International Journal*, 11(1), 70-126.
- [28]. Nagy, Delmer. 2010, Understanding Organizational Adoption Theories Through the Adoption of

- Dirsuptive Software. University of South Florida. Retrieved from <http://scholarcommons.usf.edu/cgi/viewcontent.cgi?article=4696&context=etd>
- [29]. Nurlis and Winwin, Yadiati. 2017. The Influence of Internal Control Effectiveness , Information Technology Utilization and Human Resources Competence on Local Government Financial Reporting Quality (Survey on SKPD Banten Provincial Government and Serang City). Res. J.Financ. Account., vol. 8, no. 12, pp. 111–124, 2017.
- [30]. N. N. Afiah and D. N. Rahmatika. 2014 The Impact of Internal Audit Function Effectiveness on Quality of Financial Reporting and its Implications on Good Government Governance Research on Local Government Indonesia. Int. J. Business, Econ. Law, vol. 5, no. 1, pp. 64–75, 2014.
- [31]. Pandu, P Sjahrir selaku Presiden Komisaris Sea Group. 2020. 3 Tantangan Utama yang Dihadapi UMKM Selama Pandemi Covid-19. Melalui <https://money.kompas.com/read/2020/07/02/150000926/3-tantangan-utama-yang-dihadapi-umkm-selama-pandemi-covid-19?page=all>. Diakses [12/02/2021].
- [32]. Samuel Wirawan, Hamfri Djajadikerta & Amelia Setiawan. 2021. Penerapan Pengendalian Intern pada 13 UMKM di Bandung. *urnal Administrasi Bisnis* Volume 10, Nomor 1, Maret 2021, pp. 33-44.
- [33]. Shofawati, Atina. 2019. The Role of Digital Finance to Strengthen Financial Inclusion and the Growth of SME in Indonesia. 2nd ICIEBP The 2nd International Conference on Islamic Economics, Business, and Philanthropy (ICIEBP) Theme: “Sustainability and Socio Economic Growth” Volume 2019 Corresponding.
- [34]. Seetharaman, P. 2020. Business models shifts: Impact of Covid-19. Int. J. Inf. Manag. 2020, 54, 102173.
- [35]. Saiful Almujaib dan Setyo Budiutomo. 2017. Pengaruh Akuntansi Berbasis Etap Terhadap Kualitas Laporan Keuangan UMKM. *Jurnal Riset Akuntansi dan Keuangan*, Vol 5 Np. 3.
- [36]. Suárez, C. A. 2017. Internal Control Systems Leading To Family Business Performance In Mexico: A Framework Analysis. *Journal of International Business Research*.
- [37]. Virgia Aida Handini, Wahyuni Choiriyati. 2020. Digitalisasi UMKM sebagai Hasil Inovasi dalam Komunikasi Pemasaran Sahabat UMKM Selama Pandemi COVID-19. *Jurnal Riset Komunikasi*, Vol 11 No. 2.
- [38]. Weli. 2019. Karakteristik Usaha Kecil Menengah Dan Penerapan Sistem Informasi Akuntansi Serta Sistem Pengendalian Internal Ukm Di Jakarta Timur. *Jurnal Akuntansi Berkelanjutan Indonesia* 274 Vol.2, No. 3, Sept. 2019.
- [39]. Warjiyono. 2014. "Kajian E-Business Berbasis Cloud Computing dalam Menghadapi Pasar Bebas ASEAN Economic Community 2015. *Bianglala Informatika* , 2 No. 2, 7 - 14.
- [40]. Winarsih, Indriastuti, Mayaand Fuad, Khoirul. 2021. Impact of Covid-19 on Digital Transformation and Sustainability in Small and Medium Enterprises (SMEs): A Conceptual Framework. Springer Nature Switzerland AG 2021 L. Barolli et al. (Eds.): CISIS 2020, AISC 1194, pp. 471–476, 2021. https://doi.org/10.1007/978-3-030-50454-0_48.
- [41]. Wijoyo, Hadion and Widiyanti, Bakrie. 2020. Digitalisasi Usaha Mikro Kecil Dan Menengah (UMKM) Di Era Pandemi Covid-19. *Prosiding Seminar Nasional Kahuripan I Tahun 2020* ISBN : 978–602–60606–3–1.
- [42]. Wood, F., Horner, D. 2010. *Business Accounting Basics*. United Kingdom: Pearson Education Limited.
- [43]. Wiralestari, Rita Friyani and Riski Hernando. 2020. *The Use Of Information Technology In Improving The Quality Of Financial Reporting In Micro, Small And Medium Enterprises*. The 3rd Green Development International Conference.
- [44]. Wiralestari and Riski Hernando. 2020. *Factors Affecting The Quality Of Msme Financial Reporting*. 3rd International Conference Of Business Policy And Social Sciences (ICBPS).
- [45]. _____. 2020. *Factors Affecting The Quality Of Msme Financial Reporting*. Solid State Technology, ISSN 0038- 111X.
- [46]. Yunita Eriyanti Pakpahan. 2020. Pengaruh kualitas laporan keuangan terhadap kinerja usaha UMKM. *AKUNTABEL* 17 (2), 2020 261-269 <http://journal.feb.unmul.ac.id/index.php/AKUNTABEL>.

**Author: Wiralestari*), Enggar Diah Puspa Arum, Rita Friyani
Universitas Jambi**