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# Insights



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## RECTOR'S MESSAGE



A heartiest congratulation is extended to the Faculty of Business and Management, Universiti Teknologi MARA Cawangan Kedah, Kampus Sungai Petani, on the publication of the seventh volume of FBM Insights.

This most recent volume of FBM Insights covers 25 emerging issues related to microcredit, micromanagement, marketing, consumer behaviour, social media, disability, dark tourism, and food security. This compilation demonstrates UiTM Cawangan Kedah's commitment to disseminate business-related information and relevant content to a wider audience.

I believe that this bulletin is an apt platform for members of the Faculty of Business and Management to produce more academic materials which can benefit the faculty members themselves and also other people at large. Such an initiative is indeed laudable since as academicians, writing to share information is definitely crucial to our personal and professional development.

Again, I would like to congratulate the Faculty of Business and Management and all individuals involved in the publication of FBM Insights volume 7. May FBM Insights continue to grow from strength to strength in the future.

Sincerely,

Prof. Dr. Roshima Haji Said  
Rector  
Universiti Teknologi MARA (UiTM)  
Cawangan Kedah

## FROM THE DESK OF THE HEAD OF FACULTY



Assalamualaikum w.b.t

Welcome to the 7th Edition of FBM Insights 2023. This edition presents 25 articles by the academics of Faculty of Business and Management UiTM Kedah Campus. The topics involved a broad range of business and management knowledge, including matters relating to Covid 19, entrepreneurship, microfinance, and gold investing. Congratulations to all authors for your endless support and valuable contribution to the newsletter.

FBM Insights was created in the year 2020 with the aspiration to inculcate the scholarly writing culture among FBM UiTM Kedah's lecturers. Thank you to the Almighty, this bulletin still receives a positive response for each of its editions. It is our hope this continues and that FBM Insights will one day progress to another level.

Publish or perish, one phrase that all academics must embrace. The importance of academic publication is evident when it is included in several of the university's Key Performance Index (KPI). We need to strive to produce scholarly work. I hope FBM Insights can become a small steppingstone for all FBM academics of UiTM Kedah, in our efforts to improve our publications numbers.

Congratulations again to all authors. Heartiest congratulations to the bulletin's editorial board who worked hard in making FBM Insights what it is today. I wish everyone the best and keep up the excellent work.

Dr. Yanti Aspha Ameira Mustapha  
FBM Insights Advisor

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# **DIGITAL BOOKKEEPING SOLUTIONS FOR MICRO-, SMALL & MEDIUM ENTERPRISES (MSMEs)**

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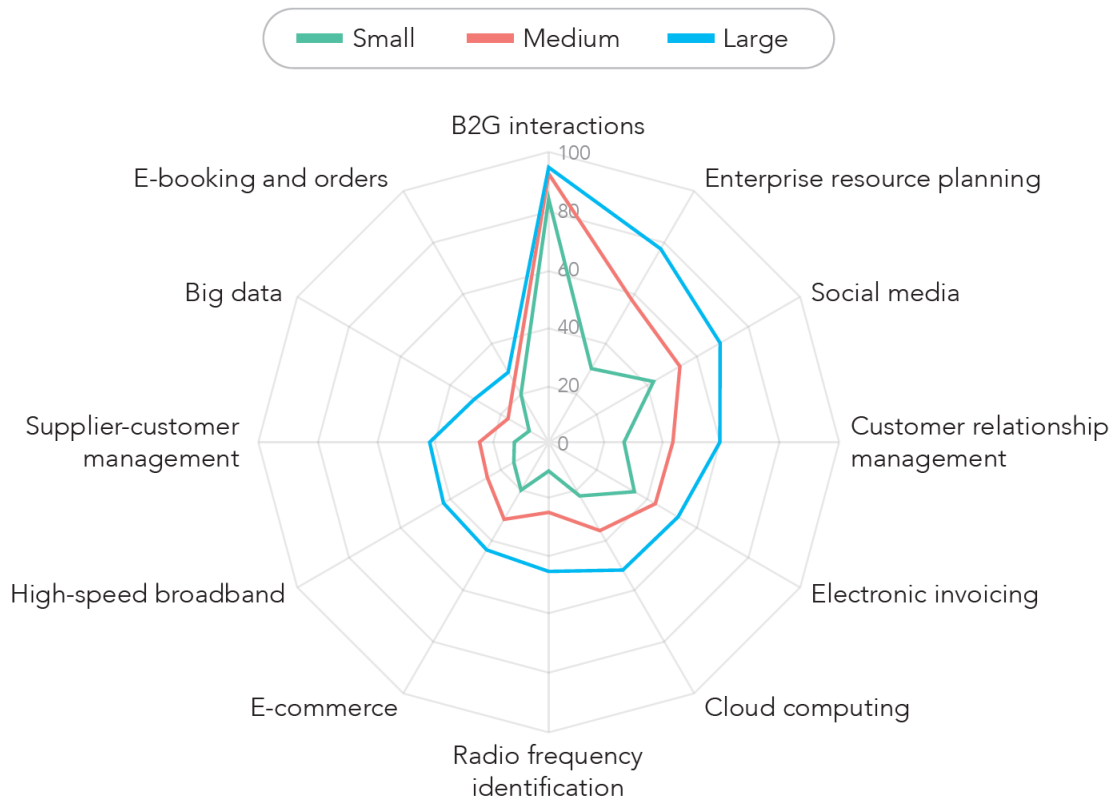
## **BOOKKEEPING OF MSMEs IN MALAYSIA**

The rise of commerce, specifically during the commercial revolution back from the years 1250 and 1350, led to the development of the debit and credit system in accounting, hence giving birth to the concept of bookkeeping (Gröblacher & Mizdrakovic, 2019). Since then, bookkeeping has been playing an important role in dealing with day-to-day financial records, from invoices to payments. Although bookkeeping has been around for a very long time, some Micro-, Small & Medium Enterprises (MSMEs) in Malaysia are still old-fashioned, without have a good way to keep track of their income and expenses; in other words, they do not know how much their business is making or spending.

For some MSMEs, handwritten notes are still used in sales transactions in the traditional style. In addition, the notes used are in duplicate, the first note for buyers and the second note for store data (Ledgerwood, 1999). This occurs daily, and the sales report is solely based on the sales note. In this regard, the presentation of records and the preparation of reports always take more time. Hence, the information conveyed is not effective and adequate. For instance, if the sales notes are lost or damaged, there is no backup copy, and the transactions could not be traced back. This will make it harder for business owners to gather information for preparing a financial statement in the future.

For many other MSMEs, they utilize Microsoft Excel as their computerized accounting system. However, this is considered inadequate due to its manual nature, requiring accounting procedures to be typed in, resulting in a time-consuming process (Ibrahim et al., 2020). Furthermore, using Excel for reporting purposes provides estimated monthly profits instead of accurate financial performance information. Although there are many bookkeeping apps available, many MSMEs have yet to take advantage of them. Not only does it possess the risks of privacy, security, and information loss, but many also find the bookkeeping apps need to be purchased and challenging to use, preferring traditional bookkeeping methods (Kumari & Kumar, 2023).

Generally, MSMEs in Malaysia are still behind in terms of technology. Figure 1 below shows the diffusion rate, median OECD, based on Malaysia's average percentages of enterprises using the technology over 2015 – 2018. The figure illustrates that SME gaps in the adoption of technology are still large in many areas. In fact, they are failing to keep up with the borderless digital economy and the Industrial Revolution 4.0 due to their inadequate learning and adaptation to these rapidly evolving changes (Small Medium Enterprise Development Bank, 2020). This causes the business decisions made are based on an ad hoc basis due to the lack of information systems that can provide reliable information (Hosen et al., 2020).



Source: *SME Digitalisation to Build Back Better*, OECD

Figure 1: Diffusion rate, median OECD, based on Malaysia’s average percentages of enterprises using the technology over 2015 – 2018

## THE IMPORTANCE OF DIGITAL BOOKKEEPING

Technology advances are changing the world and the way businesses are being managed, and MSMEs are not exception. The advancement of bookkeeping management from manual record keeping to electronic record keeping has simplified the burden of bookkeepers (Azman et al., 2021). Sangster (2016) stated that bookkeeping was not created specifically to generate financial statements, like balance sheets and income statements; it was instead developed to maintain accurate and verifiable records of financial transactions over time and to ensure proper control of financial information. In fact, research carried out by Tumba et al. (2022) has shown that the practice of bookkeeping has a significant correlation with the business performance of female entrepreneurs in Nigeria.

However, in Malaysia, many MSMEs owners find it difficult to understand financial and accounting information. In this regard, technology has become a blessing for them. Digital bookkeeping is the process of using either computer software or cloud computing. All authorized persons can access digital bookkeeping information at any time, and from anywhere. It is important to assist entrepreneurs to understand the importance of digital bookkeeping. Research by Kuttner et al. (2022) highlighted that establishing or improving legal regulations for SMEs is crucial to ensure an adequate level of accounting quality, and it is necessary to introduce incentives or obligations for the implementation of early warning and planning systems in SMEs.

Digital bookkeeping can help store all the information in a database. All the needed information about cash sales transactions and the amount of inventory becomes available at any time and any place. In fact, digitalized MSMEs were twice as likely to discover new business opportunities than their less digitalized counterparts. A study by SME Corporation Malaysia (2021) showed that digitalization has boosted long-term business resilience by increasing EBIT by 12.0%



to 20.0% in the first year and improving speed to market by an average of 40.0% to 50.0%.

Digital bookkeeping is also the way to a green environment. An electronic record of each transaction will be available to both the business owner and the client. In addition, it is cost-efficient since the owner is using less paper and ink. Going paperless will also make the office appear more organized. With digital bookkeeping, it is easier to integrate data using software and streamline payment procedures. Digital bookkeeping can enhance the management of sales, expenses, and inventories by micro-entrepreneurs. Chong and Nizam (2018) found that accounting software systems are very beneficial to businesses and organizations, as well as the economy. Organizational effectiveness is a direct result of the high correlation between accounting software features and business performance, which implies having access to correct accounting data.

## CONCLUSION

Hence, it is undeniable that bookkeeping is indeed important for MSMEs. These business owners do not have to worry about recording daily, weekly, or monthly transactions because they can keep their transactions up-to-date and maintain organized records digitally. Other than that, digital bookkeeping will give business owners a healthier overview of their financial position. Due to its ease of use, cost-effectiveness, and increased productivity, digital bookkeeping should become a more favored method of financial administration.

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