THE IMPACT OF ADOPTION CLOUD-BASED ACCOUNTING IN MICRO, SMALL AND MEDIUM ENTERPRISE IN INDONESIA

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ABSTRACT

This study examines the impact of adopting cloud-based accounting systems on the performance of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. Technological advancements have enabled MSMEs to access sophisticated financial tools, yet adoption remains low due to challenges such as privacy concerns, limited computer literacy, and infrastructure constraints. Cloud-based accounting offers benefits like cost savings, improved operational efficiency, real-time financial reporting, and enhanced data security, making it a promising solution for MSMEs to optimize financial management and boost business performance. Using a quantitative approach, data were collected via online surveys from 100 MSME owners across diverse sectors including Food & Beverage, Beauty, Agribusiness, and Fashion. The study analyzed the relationships between cloud accounting adoption and four key factors: business performance, user satisfaction, financial reporting quality, and financial efficiency. Statistical methods including multiple linear regression and Spearman's rank correlation were applied to test hypotheses and evaluate variable influences. Results indicate that business performance strongly predicts cloud accounting adoption, with better-performing MSMEs more likely to implement such systems. User satisfaction also shows a significant positive correlation with adoption, highlighting the importance of system usability and integration. Improvements in financial reporting and financial efficiency significantly contribute to the willingness to adopt cloud-based solutions, underscoring the role of accurate, timely financial information and efficient resource use in driving technology uptake. The findings suggest cloud-based accounting substantially enhances MSME operations by facilitating better decision-making, reducing costs, and improving financial transparency. Recommendations include training MSME owners in digital accounting skills, providing incentives to encourage adoption, fostering collaborations between MSMEs and technology providers, and enhancing data security to build trust. This research contributes valuable insights for policymakers, technology developers, and MSMEs aiming to accelerate digital transformation and improve economic resilience in Indonesia's vital MSME sector.

Keywords: Cloud-basedaccounting, MSMEs, adoption, business performance, Indonesia