
THE ROLE OF ACCOUNTING IN ADDRESSING THE NATIONAL ECONOMIC DEVELOPMENT

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ABSTRACT

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Along with economic developments in Indonesia, accounting is expected to be able to follow these developments. This is because accounting serves as a provider of information for economic decision making. This study aims to analyze the role of accounting in advancing national economic development. The research method used in this research is descriptive qualitative method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library studies) which refers to sources available both online and offline such as: scientific journals, books and news sourced from trusted sources. These sources are collected based on discussion and linked from one information to another. Data collection techniques used in this study were observation, interviews and documentation. This data is analyzed and then drawn conclusions. Based on the description analysis above, it can be concluded that the role of accounting in the global economic development of the country cannot be underestimated because it is related to public trust both nationally and internationally. Therefore, accounting has become a profession that is needed in the economic world.

KEYWORDS

Accounting, Economic Development, National Development



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INTRODUCTION

With the development of the Indonesian economy, it is expected that accounting can follow these developments. This is because accounting serves as a provider of economic decision-making information. Accounting is the process of recording, summarizing, and grouping financial transactions that are useful for making economic decision-making processes (SUHENDI, 2017) (Hartati & Riady, n.d.) (Widiawati, Utary, & Musviyanti, 2019). The role of accounting in the global economy cannot be underestimated because it is related to stakeholder trust.

In the era of globalization, the Indonesian economy is becoming increasingly complex. Accounting plays an important role in the economy, because every financial decision must be based on accounting information (Christian & Rita, 2016). This situation has caused accounting to become a required profession in the world of economics. Economic globalization is characterized by the emergence of multinational companies that conduct transactions between countries and are supported by comparable global accounting standards (Budiarta, Ginting, & Simarmata, 2020).

Until now, the government is still working hard to achieve successful development by restoring the Indonesian economy (Kennedy, 2019). If the development and recovery of the Indonesian economy is related to accounting, then accountants can do many things through their services to help accelerate the development and economic recovery of our country (Jamal, 2009).

The role of accounting information produced by a good accounting system is very helpful in determining and finding a way out in difficult times like today (Ikhsan & Suprasto, 2008) (Mulyani, 2017). From accounting data, you can identify the economic problems you face and help make decisions for successful development (Ranatarisza & Noor, 2013). If accountability, transparency and technology continue, then development can be said to be successful. The information generated by accounting contains indicators of development success, namely accountability, transparency, and the use of appropriate technology (Armel, Nasir, & Safitri, 2017) (Gunawan, 2016). This is why accounting can be used as a benchmark to measure the success of a country's economic development (Apriningsih, 2016).

According to Prof. Meier and Baldwin, economic development is a process in which the actual national income of an economy increases over a long period of time (Patta Rapanna & Zulfikry Sukarno SE, 2017). Another definition of economic development is an effort to improve the standard of living of a country, which is usually measured by the level of real income per capita (Siagian et al., 2020). According to Robert Baldwin, economic development is the process of increasing total income and per capita income along with fundamental changes in the economic structure of a country, taking into account population growth (Iskandar, 2018).

Judging from the notion of economic development, it can be said that the economic development of a country cannot be separated from economic growth, for example a mutually beneficial relationship, namely the country's economic development will encourage economic growth, and vice versa, economic growth will encourage economic growth the country's economic development.

The role of accounting in the development of a country's global economy cannot be underestimated, because it is related to national and international public trust. Therefore, accounting has become an indispensable profession in economics. Based on this, the authors are interested in conducting research that aims to analyze the role of accounting in encouraging the development of the national economy.

RESEARCH METHOD

The research method used in this research is descriptive qualitative method. The type of data used in this study is qualitative data, which is categorized into two types, namely primary data and secondary data. Sources of data obtained through library research techniques (library studies) which refers to sources available both online and offline such as: scientific journals, books and news sourced from trusted sources. These sources are collected based on discussion and linked from one information to another. Data collection techniques used in this study were observation, interviews and research. This data is analyzed and then conclusions are drawn.

RESULT AND DISCUSSION

A. The Role of Accounting in Economic Development in Indonesia

Accounting is the process of recording, summarizing, and classifying financial transactions that are useful for making economic decision-making processes. The role of accounting in the global economy cannot be underestimated because it is related to stakeholder trust. In 2012, Indonesia implemented convergence with IFRS, which will affect the financial statements of issuers that are affected by the accounting standards adopted. From local GAAP to IFRS, though still not fully compliant. This also applies to audits.

In the era of globalization, the Indonesian economy is becoming increasingly complex. Accounting plays an important role in the economy, because every financial decision must be based on accounting information. This situation has caused accounting to become a required profession in the world of economics. Since 1985, the accounting profession has grown rapidly in line with the development of the JSE. High bank interest encourages people to invest. Competition between companies encourages entrepreneurs to rack their brains to formulate the most effective marketing strategy to occupy the market. Of course, entrepreneurs do need reliable, accurate and reliable accounting information to make decisions.

Accounting is growing rapidly along with the development of securities, especially capital market shares. In transactions, investors and potential investors use accounting information to make predictions when making business decisions. Globalization demands efficiency and competitiveness in the business world. Good corporate governance, good corporate governance can overcome this. Good corporate governance focuses not only on profits, but also on stakeholders. Therefore, both private and public sector organizations need transparent, accountable, reliable and accurate accounting information.

The role of accounting in measuring the success of a country's economic development, among others, is to act as;

1. Cost Control

In this case, accounting will be a means of controlling the costs of activities carried out by the state. The government has many different departments, which are widely distributed throughout Indonesia. Expenses incurred every day need to be recorded or recorded. The costs incurred by each department also vary depending on the level of importance.

From the results of the bookkeeping report, the government can assess which activities need to be postponed or stopped, which activities should be continued, and already knows how to allocate the necessary funds in the past, present and future. The existence of cost control means taking action to direct activities so as not to deviate from

the previously set goals. Cost control can be done through budgeting, through analysis of deviations that occur, and continuous monitoring, so that the causes of these deviations can be known, then trace them, so that the losses incurred are relatively small.

The responsibility for controlling costs should be assigned to those who are also responsible for preparing budgets for the costs they control. Everyone's work performance should be measured by comparing actual costs with budgeted costs. Through the accounting process, it can be known whether certain elements constitute fraud or misuse of state finances. If such abuse is found, the government can determine the corrective steps that need to be taken, and if necessary, the government can also provide appropriate action. punishment for deliberately embezzling private state finances.

In this way, even in the era of globalization, the country's economic conditions can remain stable, and cost controllers can minimize fraudulent activities by irresponsible persons. The controlled economic condition of the country can encourage the overall economic development of the country. Controlled economic conditions can also attract investors to instill confidence in the state.

2. Operation

Every business activity carried out must have an economic value. The accounting treatment of this economic value starts from collecting evidence and recording to financial reports that support directed decision making. From these accounting reports, the government can assess whether the country's business activities show a positive impact on the country's economic development, and vice versa. Users of accounting reports can also measure whether a country's economic development has experienced significant growth from government operations. Because the economic value of business activities in developing countries will be different from those in underdeveloped countries.

Government activities as measured by economic value in accounting reports are expected to be activities that prosper the people and make support the national economic development plan. The economic reports provided by accounting for state operations are usually also called government accounting or public sector accounting. budget and realize the use of the budget in government activities that support the national economic development process.

3. Reporting

Accounting is output in the form of periodic economic reports. This accounting report is completed in a timely, complete and detailed manner to show the financial status of an entity. The reports provided in government accounting formulate estimates that record transactions that occur in government activities, and the reports made must be able to show reliable government financial accountability and in accordance with the approved budget classification. Estimates in government accounting reports are economic analysis of financial data and classify the types of central and local government transactions in the context of formulating national estimates. This government accounting report can assist in the preparation of APBD and development strategies, as well as controlling activities that are efficient, effective and economical.

4. Planning

Plans are a way for organizations to set organizational goals and objectives. Planning includes strategies, tactics, and operations involving activities. In terms of organizational planning, accounting plays a role in providing historical and forward-looking information to facilitate planning. Accounting can be used as a benchmark for making future plans. Usually, accounting data or reports are accumulated periodically to make plans for the future. Because the economic value contained in the accounting reports can describe the state and future state of an entity.

In government activities, the impact on the environment is very heterogeneous. Political and economic factors are the dominant factors that affect the stability of the country. This is where accounting information is needed to predict and forecast future economic events related to current economic and political conditions. Periodic plans require routine accounting information, such as monthly, quarterly, or semi-annual financial reports. Accounting information used for planning can also be distinguished based on the method of delivery. Delivering formally or informally. Formal mechanisms for example through formal meetings.

In public sector organizations, information channels are more formal, while informal channels are relatively few. This is due to the limitations of transparency and public accountability that must be carried out by public institutions, so that planning cannot be carried out by individuals or only involves a few people. Economists can also predict and plan the direction of national economic development based on reports derived from accounting.

B. Economic Development of Indonesia

Development is a very broad term, but the main goal of development is to improve quality. The country's economic development also has the same goal, namely increasing long-term real income per capita, as well as improving the institutional system, transforming infrastructure, and supporting development facilities and infrastructure. Prior to the pandemic, Indonesia was on a strong trend in economic growth and prosperity. In 2020, the Indonesian economy grew by minus 2.1 percent. Indonesia's relatively moderate economic growth contraction last year was supported by the hard work of the state budget and accommodative fiscal policies. As a result of the Covid-19 pandemic, Indonesia experienced a decline in per capita income. Per capita income in 2020 was recorded at US\$ 3,870, down from 2019 which was US\$ 4,050.

Development is basically aimed at the prosperity of the country as a whole. As stated in the Preamble to the 1945 Constitution, national development aims to achieve prosperity for all the people of Indonesia, and the contents of the preamble are to put power or the holder of government and sovereignty in the hands of the people. We can see Indonesia today in the efforts of President Joko Widodo to advance national development by improving facilities, infrastructure, infrastructure, and formulating government plans to improve people's welfare (which we usually call the People's Economic Plan).

The People's Economic Plan is used as a strategy to increase national income, employment opportunities, stabilize the economy and the distribution of average income. The concept of populist economy is a strategy to build prosperity by prioritizing community empowerment.

Through this People's Economic Plan, the community will contribute to Indonesia's economic development. On the other hand, people are increasingly confident to compete with the results of business actors from other countries.

The government also makes it easier for the public to make it easier to obtain additional funds to develop small and medium enterprises (SMEs) among those in need. In the process of national economic development, accounting is an inseparable part of the development order. Accounting becomes a monitoring system related to the use of funds and budget realization, so that the transparency of the development process can be measured and realized.

The role of accountants in providing information must be maintained independently, information is fully communicated, and no information is hidden in this popular economy. As providers of genuine information, accounting must ensure that the

national economy is at the best level of transparency and accountability. If necessary, accountants as accounting managers must fully adapt to the current situation so that their role in the economy remains optimal.

From the description above, it can be interpreted that accounting is expected to bring transparency of information to the community and become a perfect influence for efficient and sustainable economic development.

CONCLUSION

Based on the description analysis above, it can be concluded that the role of accounting in the global economic development of the country cannot be underestimated because it is related to public trust both nationally and internationally. Therefore, accounting has become a profession that is needed in the economic world. Accounting is expected to be able to bring transparency of information to the community and become a perfect influence for efficient and sustainable economic development.

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