

The Role of Small and Medium Practices in Supporting SME towards The Challenging Digital Economic Era

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ABSTRACT

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Small and Medium Enterprises (SME's) is a major component in supporting the economic in developing countries. SME's contribute to a huge worker, Gross Domestic Product by their big number as a business entity. This condition puts SME's in an important aspect of health, stability and sustainable economic growth of developing countries. This phenomena of SME's also characterized in ASEAN's countries. SME's are integral to the economic development and growth of the ASEAN member as they largely in both quantity and labor force. SMEs account about 96% of all enterprises and 50% to 85% of domestic employment. The contribution of SMEs to GDP is 30% and 53% and the contribution of SMEs to exports is 19% and 31%. They are important in terms of income and employment generation, gender and youth empowerment through business participation, and their widespread presence in non-urban and poorer domestic regions. SMEs are the backbone of ASEAN and SME development is integral to achieve long-run and sustainable economic growth. The contribution of SMEs to economic growth, employment and development in the region plays an important part in achieving equitable economic development and regional economic integration. Therefore SME development is a key strategy in ASEAN, focusing on supporting SME access to finance, markets and global opportunities, human resources development, information and advisory services, technology and innovation. The Business dynamics nowadays characterized by intensive use of Information Technology as one of influential aspects. The development of technology followed by economic sectors, including the business by SMEs. The key production lies on economic activities that use digitized information and knowledge. The digitization of the economy creates benefits and efficiencies as digital technologies drive innovation and fuel job opportunities and economic growth. The digital economy also permeates all aspects of society, influencing the way people interact and bringing about broad sociological changes. Further, digitized, networked, and intelligent information and communications technologies lead to modern economic activities to be more flexible, agile, and smart. While business continues to benefit from this digital transformation, understanding the digital economy remains a challenge because of its complexity, especially for SME's to advanced maximize opportunities for innovation, new business models and processes, and smart products and services and also reduced trade barriers into global market. However, not all SMEs can take full advantage of the benefits offered by the digital economy. Most of them do not have access to a basic online account, be it due to lack of digital devices, financing access, access to global market and socioeconomic barriers. New issues related to trust, privacy, and transparency also need to be addressed as digital transformation intensifies. Future commerce policy and support should be focus on helping SME's that are still facing problems in the use of technology. The digital economy radically changes the social environment and economic activities. It is already experiencing high growth, rapid innovation, and broad application to other economic sectors. However, despite the vast opportunities presented by the digital economy, Asia has not yet fully realized the potential of harnessing digital technology for sustainable development, due to (among others) poor ICT infrastructure, inadequate skills development, and socioeconomic barriers that prevent much of Asia's population from engaging in the digital economy. With the strong forces of globalization especially in Digital Economic Era, it is therefore essential to build the capacities of SMEs in order to ensure that they are highly competitive, innovative and be able to utilize the regional economic initiatives and incentives provided by the government. Challenging by this phenomena, it is necessary that SME need support and advice to fulfil their need in sustaining their business in Digital Economic. Since SMEs majority in private sector they have limited capacity and expertise. Accountants as external party are shown to be the most popular source of external advice and support for SMEs specifically SMPs. The literature suggests that the environment for advice and support is a derived demand: that is, it is contingent on a combination of the external market environment, regulatory and jurisdiction conditions and behavior of owner-managers to seek external advice. Evidence suggests that this marketplace is booming as the number and variety of SMEs is expanding, their markets are dynamic and the range of regulatory requirements for businesses is growing. The changing need demand of SME's lead to the transformation of SMPs to delivered their competencies due to the needs of SME's as clients. Digital transformation offers exciting possibilities for SME's and SMPs. The relationship between two parties could be conducted in mutually beneficial in the digital economy era. Rather than number crunching, financial advisers and accountants are now in a better position to use digital information as a means to upsell more consultancy work and help SMEs make more informed business decisions. The role of the accountant is changing in a good way, due to the adoption of technology. If used correctly, it can pay dividends for both SMPs and SMEs. The main aim of the paper is to examine the evidence as to what support are being provided and to better understand the relationship between SMPs and SMEs in Digital Economy Era. Identifying the gaps in the knowledge base on the SME-SMP relationship may result in recommendations for further research. This research also potential to suggest ways in which SMPs may develop their relationship with SMEs drawing upon the original evidence and literature review. Through the data collection based on interview and questionnaire addressed to SMs, Students, Chief of Accounting Departments and Accounting Lecturers, this paper analyzed the content and motivations of the SMP-SME relationship with specific focus on the provision of advice to SMEs, over and above statutory compliance services will advantage for both parties to gain benefit for their business. Furthermore identifying gaps in the knowledge base on the SME-SMP relationship will realizing both parties to fulfill the needs to conduct the business in digital economy era. This research will provide a useful and helpful reference point for regulator, government, policy maker and standard setter in developing policy, training and products to meet the growing needs of SMPs in providing these services to SMEs. This regulation should be setting in order to help ensure the stability, relevance, and proportionality of standards to SMEs/SMPs. The regulator will provide resources and tool to developing and sharing practical guidance with a focus on implementation of standards, practice management, and business advisory services.

Kata Kunci: *Small and Medium Enterprises, Small and Medium Practices, Digital Economic Era, Accounting*