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UTILIZATION OF INFORMATION TECHNOLOGY IN FINANCIAL DECISION-MAKING: ANALYSIS ON MANAGEMENT INFORMATION SYSTEMS

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Abstract

Effective and efficient financial decision-making is a crucial element in the success of organizations in today's digital era. This study aims to explore how the utilization of information technology in management information systems (MIS) influences the financial decision-making process within an organization. Researchers analyzed how the integration of information technology in MIS helps financial managers in collecting, managing, and analyzing financial information to support timely and accurate decision-making. This study employed a qualitative descriptive method using secondary data sources collected through a literature review and document analysis. The findings indicate that the application of information technology in MIS has had a positive impact on the financial decision-making process, including increased data accessibility, faster and more accurate analysis, and a better understanding of the organization's financial conditions. The practical implications of these findings include the importance of investing in adequate information technology infrastructure and developing competent human resources in managing management information systems. This study provides significant contributions to our understanding of the role of information technology in enhancing the quality of financial decision-making in a rapidly changing and increasingly complex business environment

Keywords: Information Technology (IT), Management Information System (MIS), Decision-Making, Financial Management.

Abstrak

Pengambilan keputusan keuangan yang efektif dan efisien merupakan elemen kunci dalam kesuksesan organisasi di era digital saat ini. Penelitian ini bertujuan untuk mengeksplorasi bagaimana pemanfaatan teknologi informasi dalam sistem informasi manajemen (SIM) memengaruhi proses pengambilan keputusan keuangan di sebuah organisasi. Peneliti menganalisis bagaimana integrasi teknologi informasi dalam SIM membantu manajer keuangan dalam mengumpulkan, mengelola, dan menganalisis informasi keuangan untuk mendukung pengambilan keputusan yang tepat waktu dan akurat. Penelitian ini menggunakan metode deskriptif kualitatif dengan sumber data sekunder yang dikumpulkan melalui studi pustaka dan analisis dokumen. Hasil penelitian menunjukkan bahwa penerapan teknologi informasi dalam SIM telah memberikan dampak positif pada proses pengambilan keputusan keuangan, termasuk peningkatan aksesibilitas data, analisis yang lebih cepat dan akurat, serta pemahaman yang lebih baik tentang kondisi keuangan organisasi. Implikasi praktis dari temuan ini meliputi pentingnya investasi dalam infrastruktur teknologi informasi yang memadai dan pengembangan sumber daya manusia yang kompeten dalam mengelola sistem informasi manajemen. Penelitian ini memberikan kontribusi penting bagi pemahaman kita tentang peran teknologi informasi dalam meningkatkan kualitas pengambilan keputusan keuangan di lingkungan bisnis yang semakin kompleks dan berubah dengan cepat.

Kata kunci: teknologi informasi (TI), sistem informasi manajemen (SIM), pengambilan keputusan, manajemen keuangan.

1. INTRODUCTION

In today's rapidly evolving digital era, timely and accurate financial decision-making has become increasingly crucial for organizational success. The presence of technology offers convenience through services that cater to users' needs (Sulasmiyati et al., 2024); (Ratnaningsih, 2014). Information Technology (IT) has become a primary factor in accelerating the flow of information and enabling better decision-making in various aspects of business, including financial management. Management Information Systems (MIS) serves as the main foundation for organizations in processing, storing, and utilizing financial data to support decision-making (Sinergi Teknologi, 2023).

The rapid development of Information Technology (IT) has provided numerous conveniences in various aspects of business activities. In a highly competitive business environment, Information Technology (IT) is a fundamental resource in supporting competitive opportunities and becoming a strategic tool within the organization. Computers supported by various software that are easy to operate enable managers to access information quickly and possibly more reports that are needed, as they can easily and quickly obtain information from internal data (from various departments) and external connections (such as government, competitors) (Ainiyah et al., 2022).

If information technology runs smoothly and is integrated well, the financial information generated will be valid. Similarly, systems related to purchasing raw materials or goods, cash receipts, cash expenditures, employee salaries, and others. Accounting systems are a crucial part of increasing organizational efficiency and supporting competitiveness by providing financial and accounting information to management. A system can be considered effective if it is able to produce information that is accepted and meets the expectations of timely, accurate, and reliable information. Additionally, the effectiveness of using information systems within an organization must also consider the factor of human resources.

Management Information Systems are not just tools, but also become the foundation for shared success in modern business. By providing quick access to information, supporting smart decision-making, and facilitating efficient business process management, MIS becomes the key to survival and growth in a rapidly changing business environment. Although there are challenges, investing in the development and implementation of MIS can provide long-term benefits for organizations that are oriented towards innovation and efficiency.

This study aims to investigate the role of utilizing information technology in MIS on financial decision-making within an organization. Focusing on the integration of information technology in financial decision-making, this study aims to identify its impact on the efficiency and effectiveness of financial decision-making.

It is important to understand that this study not only contributes theoretically to the literature on financial decision-making and MIS, but also has significant practical implications for organizational management in optimizing the use of information technology to improve the quality of financial decision-making.

Financial decision-making is a critical process in organizational management that affects performance and business sustainability (Financial Knowledge, 2023). In a rapidly changing and complex business environment, timely and accurate financial decisions are crucial for achieving organizational goals, the concept of financial decision-making, the role of information technology in enhancing the decision-making process, and the relevance of management information systems (MIS) in this context.

Financial decision-making involves the process of identifying, evaluating, and selecting the most profitable investment alternatives for the organization. Financial theories, such as the Financial Intelligence Theory by Robert Kiyosaki, and practical approaches, such as Cost-Benefit Analysis, serve as the foundation for effective financial decision-making (Peter, 2008).

Information technology is a combination of computerization and communication technologies, including software and hardware systems used to process, analyze, retrieve, organize, store, and manipulate data in various ways to generate high-quality information for strategic decision-making.

According to Warsita (2012), there are six functions of information technology, namely:

1. Information technology as a capture (Capture)
2. Information technology as a processor (Processing)
3. Information technology as a generator (Generating)
4. Information technology as a storage (Storage)
5. Information technology as a retrieval (Retrieval)
6. Information technology as a transmission (Transmission)

Information technology has changed the way organizations collect, store, and analyze financial data. Technology-based information systems, such as Enterprise Resource Planning (ERP) and Business Intelligence (BI), provide powerful tools for financial managers to access real-time information, make accurate financial projections, and perform sensitivity analysis for various scenarios.

Information systems are a collection of interconnected components that gather, process, store, and distribute information to support decision-making, coordination, control, analysis, and visualization within the organization." (Kenneth C, 2014, 13th Edition). The presence of technology offers convenience through services that cater to users' needs.

According to Bambang Hartono (2013), Management Information Systems are a system, consisting of a series of organized components that work together to generate information for use in organizational management. Management Information Systems are a system that can help management in the decision-making process (Yusuf, 2020).

Management Information Systems (MIS) are the foundation for financial information management within the organization. MIS integrates information technology with business processes to facilitate better decision-making. In the context of financial decision-making, MIS enables financial managers to monitor financial performance in real-time, identify significant trends and patterns, and make data-driven decisions.

2. METHODOLOGY

This study employs a qualitative descriptive research method. Qualitative descriptive research is a method that explains social phenomena in a detailed and systematic manner without formulating hypotheses (Bungin, 2011). By using this method, this study aims to gain a deep understanding of the interaction between information technology and financial decision-making processes in real-world contexts.

This study uses secondary data and secondary data sources. Secondary data sources are data obtained through reading, studying, and understanding various media such as books, scientific journals, and documents (Sugiyono, 2012). The secondary data referred to in this study are data from scientific journals.

The method used to collect data is a literature review. This literature review method involves collecting data from international and national journals relevant to the research.
The data analysis technique used in this study is:

a. Data Reduction (Data Reduction)
In reducing data, researchers select and filter journals to separate relevant from irrelevant data for the study.
b. Data Display (Data Presentation)
Data is presented in table format to facilitate reading and drawing conclusions.
c. Data Interpretation (Data Interpretation)
Researchers interpret the main ideas in each relevant journal.
d. Verification (Conclusion)

Researchers draw conclusions from the results of interpretation and analysis regarding financial decision-making in organizations through the utilization of information technology in management information systems (MIS).

3. RESULTS AND DISCUSSION

The utilization of information technology in Management Information Systems (MIS) affects financial decision-making in organizations. The integration of information technology in MIS has brought significant impacts, including increased accessibility and integration of data, faster analysis and reporting, improved decision quality, and responsiveness to business environment changes. The implications of these findings include:

1. **Increased Efficiency and Effectiveness:** The implementation of MIS has helped organizations improve operational efficiency and financial decision-making effectiveness. By leveraging technology, organizations can better manage financial data and make more timely decisions.
2. **Increased Competitive Advantage:** With better access to financial information and the ability to quickly respond to market changes, organizations can enhance their competitive advantage in a competitive market.
3. **Improved Business Process:** This study also shows that the utilization of information technology in MIS can improve business processes overall. By speeding up financial analysis and reporting, organizations can enhance productivity and service quality.

The analysis reveals that the utilization of information technology in MIS significantly influences financial decision-making in the studied organization. The findings are based on four main themes that emerged from the data:

1. **Accessibility and Data Integration:** MIS enables easy and quick access to financial data from various departments and business units. Good data integration allows financial managers to access consistent and up-to-date information, thereby speeding up the decision-making process.
2. **Faster Analysis and Reporting:** The implementation of information technology in MIS has accelerated financial data analysis and reporting. Financial managers can easily generate detailed financial reports and in-depth analysis in a shorter time frame.

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3. **Improved Decision Quality:** Financial managers indicate that the utilization of MIS has improved financial decision quality by providing more accurate, relevant, and detailed information. The ability to view data comprehensively and identify significant trends and patterns has helped in making more strategic decisions.
4. **Responsiveness to Change:** MIS enables organizations to be more responsive to business environment changes. Financial managers can quickly respond to market conditions, organizational policies, or industry regulations by leveraging real-time information provided by MIS.

This analysis confirms that the utilization of information technology in MIS has a significant positive impact on financial decision-making in the studied organization. Good data integration, faster analysis, improved decision quality, and responsiveness to change are some of the main benefits gained from utilizing MIS. Practical implications of these findings include the importance of investing in adequate technology infrastructure and developing competent human resources to manage MIS.

This study contributes significantly to the literature on financial decision-making and the utilization of information technology in MIS. By providing new insights into how the integration of information technology affects financial decision-making, this study complements existing knowledge and identifies areas for further research.

Based on the research findings, some practical recommendations can be made to organizational management seeking to enhance financial decision-making through the utilization of information technology in MIS:

1. **Investment in Adequate Technology Infrastructure:** Organizations need to allocate resources to develop and maintain technology infrastructure capable of supporting **financial decision-making needs.**
2. **Training and Development of Human Resources:** Management should ensure that employees possess the necessary skills and knowledge to effectively manage and utilize MIS. Training and development of human resources should be prioritized.

The limitations of this study are limited to a single organization and may not reflect conditions in other organizations or industries. For future research, it is recommended to conduct a broader study involving various industries and organizations. Additionally, further research can be conducted to explore other factors influencing the utilization of information technology in financial decision-making, such as organizational culture and technical barriers.

4. CONCLUSION

This study highlights the importance of utilizing technology in Management Information Systems (MIS) in supporting effective financial decision-making in organizations. The integration of technology in MIS not only accelerates the financial decision-making process but also enhances accuracy, accessibility, and responsiveness to business environment changes. The research findings provide valuable insights for organizational management and academics in understanding the role of technology in enhancing organizational financial performance.

From the discussion presented, several key conclusions can be drawn:

1. Utilization of SIM Enhances Financial Decision-Making Efficiency: The integration of technology in SIM accelerates data analysis, provides better access to financial information, and enables financial managers to make decisions more quickly and accurately.

2. Financial Decision Quality Improved: By providing more accurate and relevant data, SIM helps financial managers make better decisions that lead to better financial performance.
3. Responsiveness to Change Increased: The utilization of SIM enables organizations to respond more quickly and effectively to business environment changes, thereby enhancing competitiveness and business sustainability.

These conclusions emphasize that the utilization of technology in MIS has a significant impact on financial decision-making in organizations. Practical implications of these findings include the importance of investing in adequate technology infrastructure and developing competent human resources to manage SIM. This study also contributes theoretically to the literature on financial decision-making and the utilization of technology in MIS.

Recommendations

Based on the research findings, several recommendations can be made to organizational management seeking to enhance financial decision-making through the utilization of technology in Management Information Systems (MIS):

1. Investment in Adequate Technology Infrastructure: Organizations should allocate sufficient resources to develop and maintain technology infrastructure capable of supporting financial decision-making needs. This includes hardware, software, and skilled personnel to manage and maintain the system.
2. Training and Development of Human Resources: Management should ensure that employees possess the necessary skills and knowledge to effectively manage and utilize MIS. Training and development of human resources should be prioritized to ensure that staff have the capabilities to use technology optimally in financial decision-making.
3. Improved Interdepartmental Communication: It is crucial to enhance communication and collaboration among departments within the organization to ensure that relevant financial data can be accessed and analyzed efficiently. Effective coordination among departments will ensure that the necessary information for financial decision-making is available in a timely and accurate manner.
4. Regular Evaluation and System Updates: Organizations should conduct regular evaluations of the performance of their MIS and make updates as needed. Technology is constantly evolving, and organizations must ensure that their systems remain relevant and effective in supporting financial decision-making.
5. Advanced Data Analytics: Organizations may consider investing in more advanced data analytics capabilities, such as big data analytics and machine learning, to enhance their understanding of financial data and support more strategic financial decision-making.

By implementing these recommendations, organizations can enhance the effectiveness of their financial decision-making processes and gain a competitive edge in the rapidly changing and complex market.

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