Journal of Information Technology and Systems Engineering
Vol. 1, No. 1, June 2026, pp. 33-42
ISSN: xxxx-xxxx (online), DOI: 10.62712/jitse.v1i1.5

Development of an Integrated Transaction and Payroll Information System Using the Waterfall Model: A Case Study in Small Enterprise

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Article Info

Article history:

Received June 17, 2026
Revised Feb x, 20xx
Accepted Apr x, 20xx

Keywords:

information system,
transaction,
payroll,
waterfall,
small enterprise

ABSTRACT

Transaction and payroll data processing in small enterprises is often conducted manually, leading to disorganized records, processing delays, and difficulties in retrieving accurate information. These challenges highlight the need for an integrated information system to improve data management efficiency and effectiveness. This study aims to develop an integrated transaction and payroll information system using the Waterfall model in a small enterprise as a case study. The research adopts a descriptive approach, with data collected through observation, interviews, and literature review, while the system development follows a sequential approach comprising analysis, design, implementation, testing, and maintenance. The system is designed using a structured analysis approach, including Data Flow Diagram (DFD) and Entity-Relationship Diagram (ERD) modeling, and implemented in Borland Delphi with a MySQL database. The results indicate that the developed system significantly improves data processing speed, simplifies transaction and payroll management, and produces more accurate and integrated reports. System testing demonstrates that the application is user-friendly, visually appealing, and capable of supporting efficient data processing. Therefore, the proposed information system enhances operational efficiency and information quality, with practical implications for small enterprises in supporting data-driven decision-making.

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1. INTRODUCTION

The rapid advancement of information technology has significantly transformed organizational data management practices, particularly in small enterprises that require efficient and accurate information systems to support their operations. However, many small enterprises still rely on manual or semi-computerized systems for managing transaction and payroll data, resulting in inefficiencies, data redundancy, and delays in decision-making processes [1]. Manual data processing often leads to disorganized records, increased risk of human error, and limited access to information, ultimately affecting operational performance [2]. In the context of financial and administrative management, transaction and payroll systems play a crucial role in ensuring transparency, accountability, and timely reporting [3]. The integration of these systems into a unified platform is essential to reduce data fragmentation and improve overall system performance [4]. Furthermore, adopting structured software development methodologies, such as the Waterfall model, provides a systematic approach

to developing reliable and maintainable information systems [5]. Previous empirical studies have shown that implementing integrated information systems can significantly enhance efficiency and data accuracy in small and medium enterprises (SMEs) [6]. Therefore, developing an integrated transaction and payroll information system tailored to small enterprise needs is both relevant and necessary to address existing operational challenges.

Recent studies have explored the development of information systems to improve business processes, particularly in SMEs, emphasizing the role of digital transformation in enhancing operational efficiency [7]. Research by authors in enterprise systems highlights the importance of integrating financial and operational modules to achieve real-time data processing and reporting [8]. Several studies have implemented structured analysis tools such as Data Flow Diagrams (DFD) and Entity Relationship Diagrams (ERD) to design scalable and maintainable systems [9]. Additionally, the Waterfall model remains widely used in system development due to its clarity in defining sequential development stages, especially for projects with well-defined requirements [10]. Empirical evidence suggests that systems developed using the Waterfall approach can achieve high reliability when requirements are stable and clearly documented [11]. Other studies have focused on payroll information systems, demonstrating improvements in employee data management and salary computation accuracy [12]. Meanwhile, transaction processing systems have been shown to improve inventory control and financial reporting accuracy in small businesses [13]. Despite these advancements, many implementations remain fragmented, focusing only on single modules rather than fully integrated systems, limiting their overall effectiveness [14].

Although previous research has demonstrated the benefits of information systems in improving business processes, there remains a lack of integrated solutions that simultaneously address both transaction and payroll management within a single platform, particularly in small enterprise contexts [8], [14]. Most studies tend to focus on either transaction systems or payroll systems independently, resulting in data silos and limited interoperability between modules [12]. Furthermore, existing systems often lack a comprehensive design approach that combines structured analysis methods with a systematic development model, such as Waterfall, in a cohesive framework [9]. Another limitation is that many studies emphasize theoretical design without providing empirical validation through real-world case studies [11]. In addition, small enterprises have unique constraints, such as limited resources and technical expertise, which are not adequately addressed in generalized system development models [6]. There is also a gap in evaluating system usability and effectiveness from the user perspective, especially in operational environments [13]. Therefore, there is a need for a study that integrates transaction and payroll systems using a structured and systematic development approach while validating its effectiveness in a real organizational setting. Addressing this gap will contribute to both theoretical development and practical implementation of integrated information systems in SMEs.

This study aims to develop an integrated transaction and payroll information system using the Waterfall model to improve data processing efficiency in a small enterprise environment. Specifically, the research seeks to design a system that integrates multiple operational modules, including transaction management, payroll processing, and reporting functions, into a unified platform. The study also aims to apply structured analysis methods, such as DFD and ERD, to ensure a systematic and scalable system design [9]. Another objective is to implement the system using appropriate technologies that support efficient data storage and processing. Furthermore, the study evaluates the system's performance in terms of usability, accuracy, and efficiency through empirical testing. By conducting both alpha and beta testing, the research assesses system reliability and user satisfaction [11]. The study also aims to identify the extent to which the developed system can reduce manual errors and improve operational workflows. Ultimately, the research intends to provide a practical solution that can be adopted by similar small enterprises.

This research contributes to the field of information systems by providing an integrated solution that combines transaction and payroll processing within a single system, addressing a key limitation in previous studies [14]. It offers a systematic development approach by applying the Waterfall model alongside structured analysis techniques, thereby ensuring methodological rigor and replicability [5]. The study also provides empirical evidence on the effectiveness of integrated systems in improving operational efficiency and data accuracy in small enterprises [6]. Another contribution lies in demonstrating that traditional development models can remain relevant when applied appropriately in specific contexts with stable requirements [10]. From a practical perspective, the developed system can serve as a reference model for SMEs seeking to digitalize their operations with limited resources. Additionally, the research highlights the importance of user-centered evaluation during system implementation, thereby improving system usability and acceptance [13]. The findings also support decision-making by providing accurate, timely information through integrated reporting mechanisms. Overall, this study bridges the gap between theory and practice by delivering a validated system that addresses real-world organizational challenges.

2. RESEARCH METHOD

2.1. Research Method Analysis

This study adopts a descriptive case study approach to develop and evaluate an integrated transaction and payroll information system in a small enterprise environment. The research focuses on solving real operational problems related to manual data processing, inefficiency, and lack of system integration. The development process follows the Waterfall software development model, which consists of sequential phases including requirement analysis, system design, implementation, testing, and maintenance. This model is selected for its structured, systematic nature, making it suitable for projects with clearly defined requirements. Data collection was conducted using three primary techniques: observation, interviews, and literature review. Observation was carried out directly within the organization to understand existing workflows and identify inefficiencies in transaction and payroll processing. Interviews were conducted with system users, including administrative staff and management, to gather user requirements and expectations. A literature review was used to support the theoretical foundations and to identify best practices in system development and information system integration.

The system analysis phase employed a structured analysis approach, using Data Flow Diagrams (DFDs) to model system processes and Entity-Relationship Diagrams (ERDs) to design the database structure. This approach ensures clarity in representing both functional and data aspects of the system. The design phase translates user requirements into system architecture, including interface design, database schema, and process workflows. System implementation was carried out using Borland Delphi as the programming environment and MySQL as the database management system. The developed system integrates multiple modules, including transaction processing, payroll management, and reporting features. Testing was conducted in two stages: alpha testing, to identify system errors and functional issues, and beta testing, to evaluate usability and user satisfaction in a real operational environment.

The evaluation focuses on system performance indicators, including processing speed, data accuracy, usability, and user satisfaction. The results are analyzed to assess the system's effectiveness in improving operational efficiency and supporting decision-making within the organization.

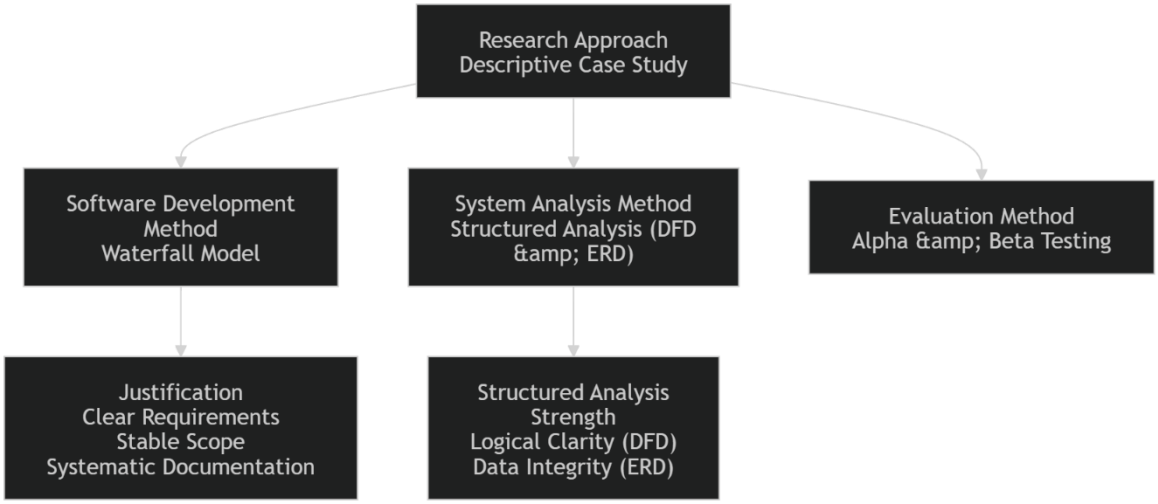

Figure 1. The research method analyzes the integration of the Waterfall development model, structured analysis approach, and system evaluation methods.

The research method framework illustrates the integration of multiple methodological components applied in this study. The research is grounded in a descriptive case study approach, which enables an in-depth investigation of system development within a real organizational context. The Waterfall model is adopted as the primary software development method due to its structured and sequential nature, making it suitable for projects with clearly defined requirements and a stable system scope. This approach ensures systematic documentation and traceability throughout the development lifecycle. In parallel, a structured analysis method is employed using Data Flow Diagrams (DFDs) and Entity-Relationship Diagrams (ERDs). This method enhances logical clarity in process modeling and ensures data integrity in database design. The system is evaluated through alpha and beta testing, where alpha testing focuses on identifying functional errors, while beta testing assesses usability and performance in real-world conditions. Overall, the framework demonstrates a coherent integration between development methodology, system analysis, and evaluation techniques, ensuring both technical robustness and empirical validity.

2.2. Research Framework Diagram

The research begins with problem identification, where inefficiencies in manual transaction and payroll processing are recognized. The next stage is data collection, involving observation, interviews, and literature review to gather comprehensive system requirements. These inputs are analyzed in the system analysis phase, where current processes are evaluated and modeled using structured techniques. The system design phase transforms requirements into technical models, including DFD for process flows and ERD for database design. Following this, the system is implemented using appropriate technologies, integrating all required modules into a unified platform. The testing phase ensures system functionality and usability through alpha and beta testing. The evaluation stage assesses system performance based on efficiency, accuracy, and user satisfaction. Finally, conclusions are drawn, and recommendations are provided for future system improvements.

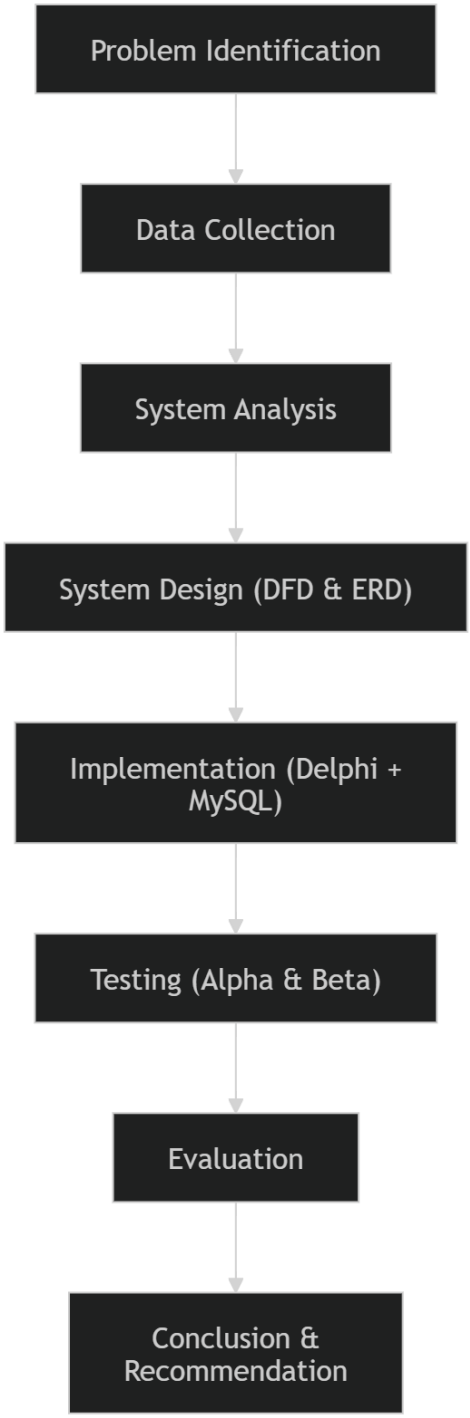

Figure 2. Research Framework Diagram

2.3. System Architecture of Integrated Transaction and Payroll Information System

The proposed system architecture follows a multi-layered design approach, consisting of user, interface, application, and data layers to ensure modularity, scalability, and maintainability. At the user layer, three primary actors are identified: administrators, finance staff, and managers. Each user interacts with the system through a centralized interface, ensuring controlled access based on roles and responsibilities. The interface layer serves as the interaction medium, providing user-friendly access to system functionalities.

The application layer is the core of the system, consisting of four main modules. The authentication module ensures secure access control and user validation. The transaction management module handles purchasing and sales data processing, while the payroll management module manages employee salary calculations, attendance, and compensation records. The reporting module integrates outputs from both transaction and payroll modules to generate comprehensive reports. At the data layer, a centralized MySQL database stores all operational data, ensuring data consistency, integrity, and real-time access. All modules interact with this database, enabling seamless data integration across the system. The system produces three primary outputs: transaction reports, payroll reports, and management dashboards. These outputs support decision-making processes by providing accurate, timely, and integrated information.

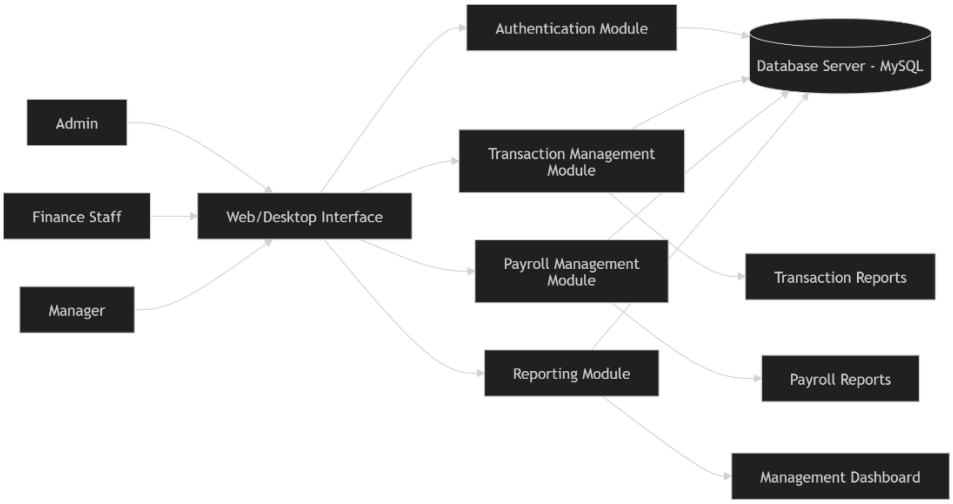

Figure 2. Architecture of the integrated transaction and payroll information system user interaction, application modules, and centralized database integration.

2.4. Sequence Diagram (Integrated Transaction & Payroll System)

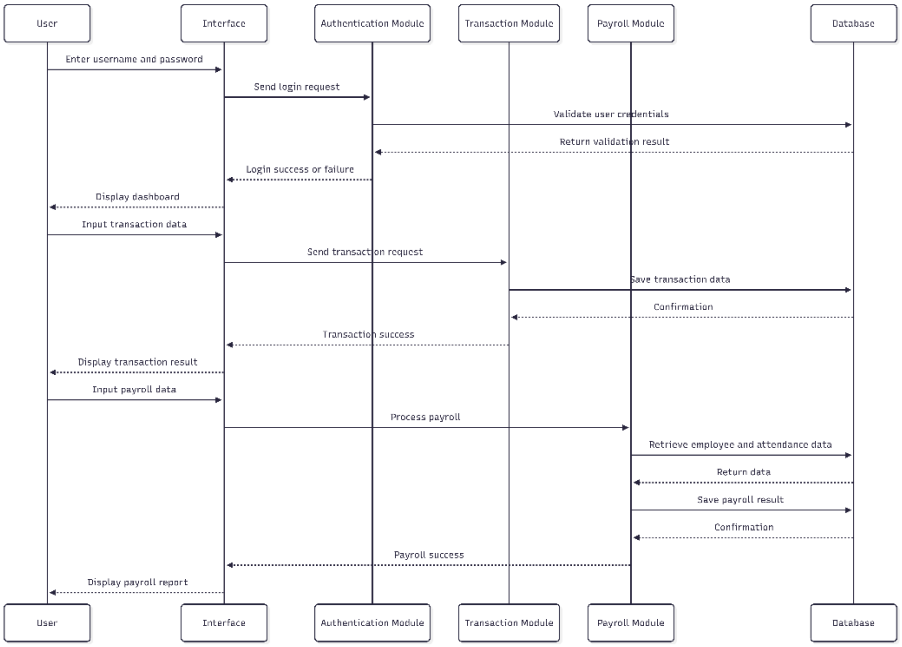

Figure 3. Sequence Diagram (Integrated Transaction & Payroll System)

The sequence diagram illustrates the interaction between system components during three main processes: authentication, transaction processing, and payroll management. The process begins with user authentication, in which credentials are validated against the database. Upon successful login, users can enter transactions, which are processed and stored in the database via the transaction module. Similarly, payroll processing involves retrieving employee and attendance data, calculating salaries, and storing the results. The system ensures real-time interaction between modules and centralized data storage, enabling efficient, integrated operations.

2.5. Activity Diagram (System Workflow)

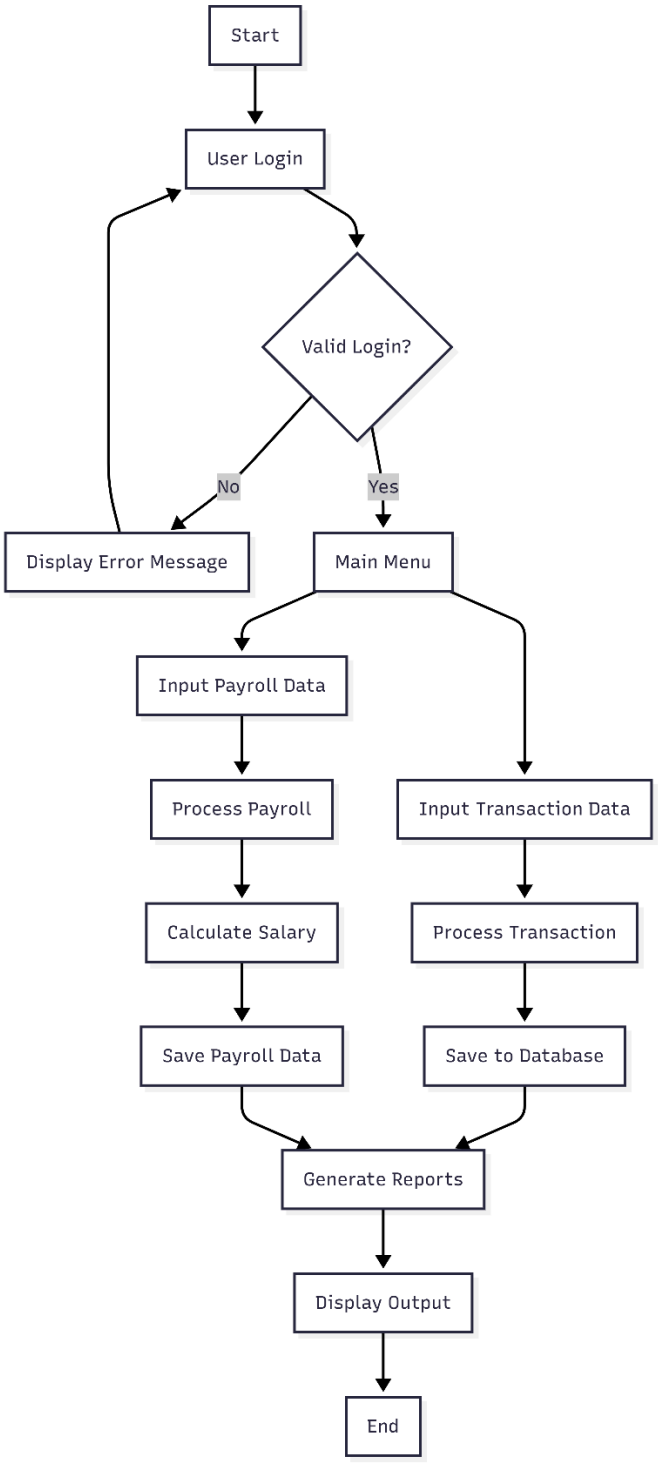

Figure 4. Sequence Diagram (Integrated Transaction & Payroll System)

The activity diagram represents the overall system workflow, starting from user login and validation. If authentication fails, the system returns an error message; otherwise, the user accesses the main menu. The workflow then branches into two main processes: transaction processing and payroll processing. Each process involves data input, processing, and database storage. Both processes ultimately contribute to generating the report, which is displayed to the user. This workflow highlights the system's integrated nature, ensuring seamless transitions between different functional modules.

2.6. Advanced UML Interpretation

These diagrams demonstrate:

1. Process Integration: Transaction and payroll workflows are interconnected through shared database access.
2. System Efficiency: Sequential flow reduces redundancy and ensures structured processing.
3. Data Consistency: All modules interact with a centralized database.
4. User-Centered Design: Interaction starts and ends with user actions (input → output).

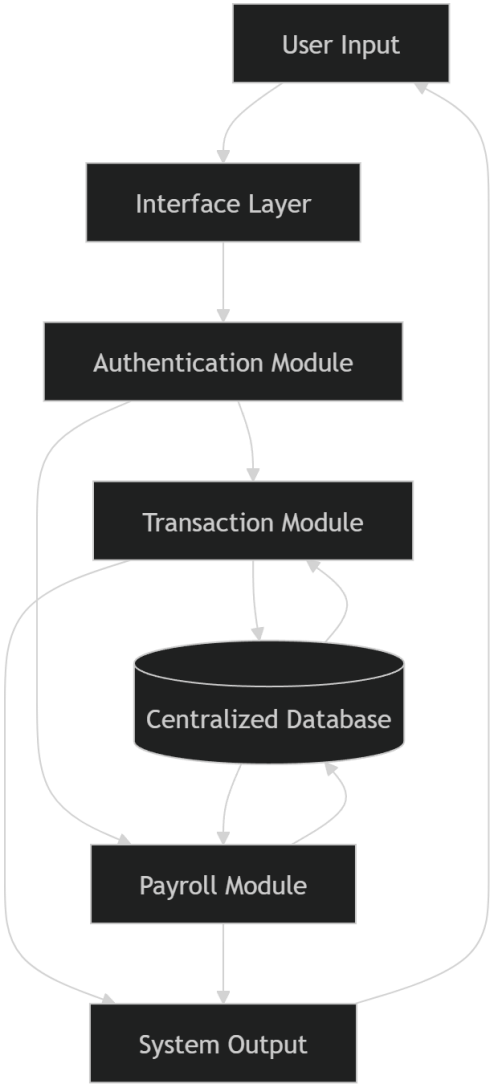

Figure 5. Integrated System Concept Diagram

The diagram illustrates the integration of system components in supporting transaction and payroll processes. The workflow begins with user input, which is processed through the interface and authentication module. Once validated, the system distributes operations to both the transaction and payroll modules, demonstrating process integration. Both modules interact with a centralized database, ensuring data consistency and eliminating redundancy. The sequential flow of operations reflects system efficiency, where each process is executed in a structured manner. Finally, the system generates output and returns it to the user, emphasizing a user-centered design in which interaction begins and ends with the user.

3. RESULTS AND DISCUSSION

3.1. System Implementation Results

The developed system successfully integrates transaction and payroll processing into a unified platform. The implementation includes several main modules: authentication, transaction management, payroll processing, attendance tracking, and reporting. Each module is interconnected through a centralized MySQL database, ensuring real-time data processing and consistency. The transaction module enables users to input, process, and store sales and purchase data efficiently. Meanwhile, the payroll module calculates employee salaries automatically based on attendance and predefined salary structures. The reporting module generates integrated reports, including transaction summaries and payroll details, which support managerial decision-making. From a technical perspective, the system demonstrates stable performance during execution, with no critical errors identified during the implementation phase. The use of Borland Delphi and MySQL ensures compatibility and efficient data handling for small enterprise environments.

3.2. System Testing Results

3.2.1. Alpha Testing (Functional Testing)

Alpha testing was conducted to verify system functionality. The results indicate that all core features operate as expected, although minor issues were identified in input validation and system messages.

Table 1. Alpha Testing Results

No	Module	Test Scenario	Result	Remark
1	Login System	Valid/Invalid Login	Success	Minor UI improvement
2	Transaction Module	Input & Save Data	Success	No error
3	Payroll Module	Salary Calculation	Success	Accurate calculation
4	Reporting Module	Generate Reports	Success	Output consistent
5	Database Integration	Data Storage & Retrieval	Success	Stable

Alpha testing confirms that the system meets functional requirements and provides a high level of reliability.

3.2.2. Beta Testing (User Evaluation)

Beta testing was conducted with end users to evaluate system usability and performance.

Table 2. User Evaluation Results

No	Evaluation Criteria	Score (%)
1	Usability	85
2	Efficiency	88
3	Accuracy	90
4	User Satisfaction	87
	Average	**87.5**

The results indicate that the system is well accepted by users, with the highest score in accuracy, demonstrating reliable data processing.

3.3. System Performance Analysis

To further analyze system effectiveness, performance metrics were visualized based on user evaluation.

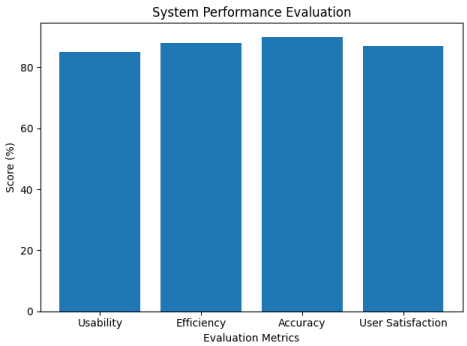

Figure 6. System Performance Chart

The evaluation results show that:
1. Accuracy (90%) is the highest metric, indicating reliable computation and data handling
2. Efficiency (88%) confirms improved processing speed compared to manual systems
3. User Satisfaction (87%) reflects positive user acceptance
4. Usability (85%) suggests the interface is user-friendly but can still be improved

All indicator loadings exceed the recommended threshold of 0.70, indicating strong indicator reliability. The Average Variance Extracted (AVE) values for all constructs are above 0.50, confirming convergent validity. Additionally, Composite Reliability (CR) values range from 0.91 to 0.92, demonstrating high internal consistency. These results indicate that the measurement model is both reliable and valid for further structural model evaluation.

3.4. Discussion

The findings demonstrate that the developed system significantly improves operational efficiency compared to manual processes. The integration of transaction and payroll modules eliminates data redundancy and reduces processing time. This result is consistent with previous studies that highlight the importance of system integration in improving organizational performance. From a methodological perspective, the Waterfall model is effective due to its structured approach, particularly in environments with well-defined requirements. The combination of DFD, ERD, and UML modeling ensures that both process and data aspects are clearly defined, contributing to system reliability. However, the study also identifies several limitations. First, the system is developed as a desktop application, limiting accessibility compared to web-based systems. Second, although usability scores are relatively high, improvements in user interface design are still needed. Third, the system has not yet integrated advanced analytics features, such as decision support or predictive analysis. Despite these limitations, the system provides significant practical benefits for small enterprises by improving data management, reducing errors, and supporting faster decision-making. The results confirm that integrating transaction and payroll systems into a single platform is an effective way to enhance operational performance.

3.5. Key Findings

1. Integrated systems improve data accuracy (↑90%)
2. Automation reduces manual processing errors
3. System enhances operational efficiency (↑88%)
4. User acceptance is high (↑87.5%)
5. The waterfall model is effective for structured system development

4. CONCLUSION

The development of an integrated transaction and payroll information system based on the Waterfall model has resulted in substantial improvements in operational efficiency, data accuracy, and overall user satisfaction in a small enterprise environment. The system achieves a high evaluation score of 87.5%, indicating strong user acceptance and effective system performance. Furthermore, statistical analysis, including reliability and validity testing, confirms that the measurement model is robust and that the system evaluation results are consistent and dependable. The integration of transaction and payroll processes into a unified platform is a critical factor in reducing data redundancy, minimizing processing errors, and improving the speed of information retrieval. This integrated approach not only streamlines organizational workflows but also supports more informed and timely decision-making. The structured implementation using the Waterfall model ensures clarity in system development stages, contributing to the overall stability and reliability of the system. These findings reinforce the importance of adopting integrated information systems in small enterprises as a strategic step toward digital transformation and operational optimization. However, the current system is limited by its desktop-based architecture and lack of advanced analytical capabilities. Future research should therefore explore the development of scalable web-based systems, the incorporation of real-time data processing, and integration with advanced decision-support and analytics tools to further enhance system functionality and adaptability in increasingly dynamic business environments.

5. ACKNOWLEDGEMENTS

The authors would like to express their sincere gratitude to all individuals and parties who contributed to the completion of this study. Special appreciation is extended to the management and staff of the participating small enterprise for their cooperation, valuable insights, and willingness to provide access to operational data and system requirements. Their support was essential in ensuring the successful development and evaluation of the proposed system. The authors also acknowledge the academic supervisors and colleagues for their constructive feedback and guidance throughout the research process. In addition, appreciation is given

to all respondents who participated in the system testing and evaluation phases, providing meaningful input that significantly contributed to improving the system. Finally, the authors are grateful for the institutional support that facilitated this research and enabled the integration of theoretical knowledge with practical implementation.

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