



Financial Planning Analysis in Maintaining MSME Business Continuity

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ABSTRACT

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When running a business, financial management is important for all MSME actors to implement. Finance is an important point in maintaining the viability of a business. The purpose of this study is to analyze financial management practices by SMEs. During a pandemic, management is an important matter for business actors to pay attention to. This type of research is descriptive qualitative. The data source obtained is obtained from the results of interviews and observations. The interviewees were selected using the snowball sampling technique taken from several SMEs. The analysis tool is thematic analysis. With indicators of financial planning, implementation and financial reporting, and financial control. The results of the study show that MSME actors have implemented financial planning, but implementation and control have not been implemented properly. This is due to the lack of human resource capabilities, time constraints and low level of awareness of the importance of business financial management.

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INTRODUCTION

BACKGROUND

A business plan is a practical tool for entrepreneurs to use in designing their ventures. This tool helps entrepreneurs to plan business ideas before taking action (Corbett & Katz, 2016). The feasibility of the entrepreneurial idea has been assessed by feasibility analysis and studies. According to Frederick, Kuratko and Hodgetts (2006),

for an entrepreneur a business plan provides guidance on company operations by making plans for the future and developing strategies to achieve success.

Through observations on the Pawon Emak culinary UKM, which is the place for PKM activities, they still do not have a good business plan strategy. Even though a business plan is the best insurance for SMEs to prevent failure in setting up and managing a business. Julian (2013) revealed that many SMEs do not yet have adequate knowledge of strategic planning. So that the participation of SMEs is still relatively low in the planning process. Business plans are also useful for helping SMEs to be able to lead businesses successfully. SMEs pay less attention to how to prepare a business plan. So that most of the business activities carried out are based solely on instinct, not structured and completely documented. This condition is due to the limited number of partners in improving business planning, so that the business is not carried out in an orderly manner.

Partners are quite cooperative in the variety of food sold, have skills in processing raw materials into products with selling value, there is demand for products produced and many other potential sources of partners. It is important for partners to be able to do business by making a good and correct business plan. The team of lecturers and students wants to help provide training on strategic business plans to partners. So that the business that will be carried out or that is currently running can be further improved, and maintain the sustainability of the partner's business in the future

RESEARCH METHODS

The method of carrying out initial observation interviews with partners related to the program as a result of interviews preparation of material studying various literature and PPT journals Training socialization online Pretest and posttest questionnaires Online training discussions Two-way communication Evaluation of solutions for entrepreneurial success Increasing knowledge of entrepreneurial success. The stages of implementing activities include: 1). Preparatory stage, in this stage the team makes initial observations of partners, carries out permits, sees the conditions and main problems of partners which will be discussed in PKM activities 2). PPT that will be transferred to partners, distribute tasks with students, determine the date of the zoom meeting, create a zoom meeting link, 3). The PKM Implementation Stage delivers socialization material through online lectures, discussions, and questions and answers through zoom meetings assisted by 2 students from the management department. The team leader explained the pricing strategy related to business profits, then asked partners to ask questions if they did not understand the material presented. 4). The final result stage, evaluates and compiles reports on PKM activities and outputs.

DISCUSSION

A. MSME FINANCIAL PLANNING

Financial planning is synonymous with the need for a budget that will provide guidelines for some people or business institutions to assist in taking decisions. It needs relatively consistent budgeting to maintain the continuity of a

business such as cash budgeting, receivables, and variables. MSMEs are trading businesses managed by individuals or business entities and in accordance with business criteria in the small scope or also in the micro scope. In accordance with the understanding of MSMEs, the criteria for MSMEs can be distinguished, among others, including micro enterprises, small businesses, and medium enterprises. With this classification, the government also hopes that MSMEs can play a role in building the national economy, including the development of regional potential-based and market-oriented businesses:¹

The financial management process is a very important activity to be carried out by business actors, including for people's economic actors, the majority of which are Micro, Small and Medium Enterprises (MSMEs). MSMEs are a form of community small business whose establishment is based on someone's initiative. According to Kerry (2010), the role of MSMEs is very strategic in the economy as one of the main driving forces in economic development. MSMEs have a large contribution to regional income and state income, and also play a very important role in reducing the unemployment rate because of their labor-intensive nature, this type of business is able to absorb a lot of unemployed labor. Micro, Small and Medium Enterprises (MSMEs) have great growth and development potential in improving the standard of living of many people. This is shown by the existence of MSMEs that have reflected the real manifestation of the social and economic life of the largest part of the people Indonesia.² As one of the components in the national industry, Micro, Small and Medium Enterprises (MSMEs) play an important role in the national economy, employment, equitable distribution of development results, and poverty reduction. Statistical data shows that the number of small, micro and medium enterprises (MSMEs) is close to 99.98% of the total business units in Indonesia with a contribution of 56% of the total GDP in Indonesia.³

As a form of government effort to encourage capacity building of Micro, Small, Medium Enterprises (MSMEs), the government has issued Government Regulation No. 5 of 2019 concerning risk-based business licenses. The regulation requires that business actors, including MSMEs, need to be aware of and able to manage business

¹ *Strategi Pemasaran UMKM Di Masa Pandemi.*

² Jurnal ilmu manajemen terapan."pengaruh tingkat literasi keuangan terhadap pengelolaan keuangan pelaku UMKM kecamatan cinere, depok"vol 2,issue 1, september 2020.

³ ³ Jurnal ilmu manajemen terapan."pengaruh tingkat literasi keuangan terhadap pengelolaan keuangan pelaku UMKM kecamatan cinere, depok"vol 2,issue 1, september 2020.

risks, for business actors themselves and or for the business environment. This regulation has an impact on the issuance of business licenses for business actors who can analyze risks as a condition for conducting or establishing a business in various fields.⁴

B. DEFINITION OF MSMES

MSMEs are trading businesses managed by individuals or business entities and in accordance with business criteria in the small scope or also in the micro scope. In accordance with the understanding of MSMEs, the criteria for MSMEs can be distinguished, including micro enterprises, small businesses, and medium enterprises. With this classification, the government also hopes that MSMEs can play a role in building the national economy, including the development of regional potential-based and market-oriented businesses.⁵

Several researchers have studied and tried to provide input for the development of MSMEs in Indonesia. The researcher was conducted by Supriyanto (2006: 1) concluded in his research that MSMEs are able to be a solution to poverty reduction in Indonesia. Poverty alleviation by developing MSMEs has quite good potential, because it turns out that the MSME sector has a large contribution in employment, which absorbs more than 99.45% of the workforce and contributes to GDP of around 30%. Efforts to advance and develop the MSME sector will be able to absorb more existing workers and of course will be able to improve the welfare of the workers involved in it so as to reduce unemployment. And it will eventually be used for poverty alleviation. Poverty Alleviation Action Program through pemberdayaan UMKM yang telah dicanangkan Presiden Yudhoyono pada tanggal 26 Pebruari 2005, terdapat empat jenis kegiatan pokok yang akan dilakukan yaitu, (1) Growing a conducive business climate, (2) developing business support systems, (3) developing entrepreneurship and competitive advantages, and (4) empowering micro-scale businesses.⁶

The challenges of MSMEs in Indonesia are indeed quite diverse, because they are closely related to the entrepreneurship ratio in Indonesia which has only

⁴ Jurnal Studi Ekonomi and Bisnis Islam Volume, 'Jurnal Studi Ekonomi Dan Bisnis Islam Volume I, Nomor 2, Desember 2016', I (2016).

⁵ *Strategi Pemasaran UMKM Di Masa Pandemi*.

⁶ Yuli Rahmini Suci, '(USAHA MIKRO KECIL DAN MENENGAH)', 2013.

reached 3.5%. Therefore, improving the quality of MSMEs is an absolute thing so that in the future conditions can be created for ease of doing business. It should be noted that MSMEs have played an important role in strengthening the Indonesian economy. Even based on experience during the Indonesian economic crisis, MSMEs have become one of the fundamental pillars and buffers of the Indonesian economy. Micro, Small and Medium Enterprises (MSMEs) have an important role in creating jobs, improving people's welfare and equalizing income, therefore support from all parties is needed for the development of MSMEs. Monitoring of developing MSMEs can be done with financial statements made because most MSMEs do not understand the importance of financial statements that will have a positive impact on the progress of their business.⁷

C. THE EFFECT OF FINANCIAL PLANNING ON FINANCIAL BEHAVIOR

The analysis of this study produces financial planning variables that affect financial behavior, namely business actors have clear spending planning, because having a clear expenditure plan will make it easier for MSME actors to carry out MSME activities. According to respondents' answers that can be concluded, having a level of financial planning makes us know that MSME financial planning is running well or not in carrying out their business activities. At the core point, people who have a high level of financial planning will have an influence on good financial behavior to apply in their business activities, and the business that is carried out can develop well. The results of the study can be concluded that financial planning has an influence on the financial behavior of MSMEs in Magetan Regency can be received positively significantly. One form of good and correct financial behavior is with financial planning from loyal. This research is reinforced by (Adi Rahman, 2020) said that financial planning variables have a positive influence on financial behavior. (According to Nidya Riswanda, 2019) financial planning variables has a significant influence on the financial behavior of MSMEs. With this, financial planning has a very important role to run a business activity⁸

⁷ Tingkat Pendidikan and others, 'Telaah Bisnis', 18.1 (2017), 45–56.

⁸ Volume No P-issn E-issn, Salma Juliana Fadilah, and Eko Purwanto, 'Al-Kharaj : Jurnal Ekonomi , Keuangan & Bisnis Syariah Pengaruh Locus of Control , Perencanaan Dan Literasi Keuangan Terhadap

D. ACCOUNTING PRACTICES IN SMEs

Accounting Practices in SMEs The accounting system plays an important role in the organizational structure of a company. Accounting is a system that must provide accurate information for performance appraisal, for identifying potential problem areas, and for solving problems. A good accounting system will help managers complete tax compliance requirements quickly and easily. The lack of a good record-keeping system provides inaccurate and untimely tax information stressing MSME operators. Accounting practices will collect and process accounting information and data according to subject matter and accounting work content as well as accounting standards and regimes. This shows that the method of recording, summarizing and validating data about business financial transactions in organizations is related to tax compliance issues. An accounting information system helps organizations to collect, manage, store, interpret, process, and retrieve financial data. Accounting software is one of the main parts of an accounting information system. Software business accounting can also produce information used for SAK-ETAP compliance taxes, which is an accounting system aimed at entities without Public Accountability such as MSMEs so that the use of SAK-ETAP-based accounting systems can make MSMEs able to manage their finances better. On this basis, the following hypotheses are proposed. The characteristics of accounting practices have a positive effect on MSME tax compliance in Indonesia

E. EFFECT OF COMPANY SIZE ON ACCOUNTING PRACTICES

Management Company size is a scale where the size of the company can be classified according to various ways. There are various proxies that are usually used to represent

company size, namely number of employees, total assets, total sales, and market capitalization. There are various proxies that are usually used to represent company size, namely number of employees, total assets, total sales, and market capitalization. Based on contingency theory, an organization that wants to achieve its goals optimally needs to be supported by good management accounting practices.

Good Management Accounting Practices can be carried out by adjusting the needs and capabilities of an organization or a company by looking at the size of the existing company. Management accounting practices that are generally used by large and successful companies cannot be used directly by SMEs and their success is guaranteed. However, the use of PAM by SMEs must pay attention to the influential contingency factors (Collis and Jarvis, 2002). Therefore, it is assumed that company size between one MSME and another will affect MSME management accounting practices differently depending on the situation and environment. In Azudin's research (2017) stated that previous researchers such as Abdel and Luther (2006) stated that the sophistication of management accounting is significantly explained by company size and there is a significant relationship direction to the adoption of PAM. It is said that company size has a positive and significant relationship to PAM applied to SMEs in Magelang (Prihastiwi, 2017 Based on the explanation above, the hypothesis can be formulated as follows: H1a Company size has a positive effect on Management Accounting Practices

Corporate strategy is defined as managers' perceptions in the field of finance and control about the importance of various strategic inputs related to each business unit in responding to competition (Sreekumar, 2015). Based on contingency theory, an organization that wants to achieve its goals optimally needs to be supported by good management accounting practices. Good Management Accounting Practices can be carried out by adjusting the needs and capabilities of an organization or a company by looking at the company's competitive strategy. Management accounting practices that are generally used by large and successful companies cannot be directly used by SMEs and their success is guaranteed. However, the use of PAM by SMEs must pay attention to the influential contingency factors (Collis and Jarvis, 22 2002). Therefore, it is assumed that the company's competitive strategy between one MSME and another will influence MSME management accounting practices differently depending on the situation and environment of product competition produced.

In Sreekumar's research (2015) it was explained that manufacturing companies in India depend on both management accounting practices, to overcome challenges in their environmental (external) and organizational (internal) factors. It can be concluded that the relationship between competitive environment, manufacturing technology, organizational strategy, organizational design,

management accounting practices and organizational performance is found to be significant in the manufacturing sector in India (Sreekumar, 2015). Based on the explanation above, the following hypothesis can be formulated: H1b. Corporate strategy has a positive effect on Management Accounting Practices & Business Potentia

PracticesManagement The assessment of customer strength is very important because the progress or decline of a company's performance is largely determined by the customer. The company identifies customers and market segments to enter. There are two measurements in the customer perspective, namely the customer core measurement group and the customer value preposition. Based on contingency theory, an organization that wants

CONCLUSION

Business financial planning prepared by MSME actors has been implemented properly, starting from initial capital planning, production and sales as well as future business development programs. However, it still needs to be improved in terms of planning reserves for cash and receivables, as well as separating personal and business money. MSME actors have not compiled financial records and reporting in accordance with accounting standards or rules. Financial control is not optimal because it does not have SOPs such as sales and purchases, as well as other procedures that support business activities. The role of the government is needed (Nasrulloh, 2019; Pratomo, 2020), including increasing knowledge and interest in recording.

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