

The Role Of Msme Financial Management In Indonesia As A Strategy In The New Normal Time Of Covid-19

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Abstrak

Penelitian ini akan dilakukan untuk mengetahui bagaimana sebuah UMKM dapat bertahan dan terus berkembang ketika menjalankan usahanya sendiri selama masa Covid-19 dengan menerapkan prinsip-prinsip pengelolaan keuangan yang baik dan benar. Penelitian ini akan dilakukan dengan menggunakan pendekatan kualitatif. Data tersebut berasal dari berbagai hasil penelitian dan penelitian sebelumnya yang masih relevan dengan penelitian ini. Penelitian ini menemukan bahwa masih banyak UMKM yang belum menerapkan prinsip-prinsip pengelolaan keuangan yang baik dan benar. Selama ini pelaku UMKM hanya mencatat keuangan masuk dan keluar. Bagi pelaku UMKM sendiri, pelaporan keuangan cukup sulit dan juga merepotkan. Selain itu, sebagian besar pelaku UMKM juga belum mengetahui pentingnya pengelolaan keuangan yang baik, sehingga pelaksanaannya tidak dilakukan dengan baik. Kajian ini kemudian memberikan lima strategi yang dapat dilakukan oleh para pelaku UMKM dalam permasalahan pengelolaan keuangannya.

Kata kunci: *UMKM, Manajemen Keuangan, Strategi.*

Abstract

This research will be carried out to determine how an MSME can survive and continue to grow when carrying out their own business during the Covid-19 period by implementing good and correct financial management principles. This research will be carried out using a qualitative approach. The data comes from various research results and previous studies still relevant to this research. This study found that many MSMEs still have not applied the principles of good and correct financial management. So far, MSME actors have only recorded incoming and outgoing financials. For MSME actors themselves, financial reporting is quite difficult and also inconvenient. In addition, most MSME actors also do not know the importance of good financial management, so the implementation is not carried out properly. This study then provides five strategies that can be carried out by MSME actors in their financial management problems.

Keywords: *MSME, Financial Management, Strategy.*

INTRODUCTION

Economic growth in a developed or developing country is certainly influenced by various factors, both those influenced by financial and non-economic aspects. Likewise, with Indonesia as a

developing country, an important economic factor in economic growth is MSMEs (Micro, Small and Medium Enterprises). On the other hand, small and medium enterprises can still survive and even have a big role in saving the economy in Indonesia (Usman et al., 2019).

MSMEs are included in the type of productive business whose development in Indonesia is very fast. For MSMEs to continue to develop, MSME actors must pay attention to financial management. According to Ediraras, the MSME business whose finances are managed and informed in a transparent and accurate manner will positively impact the MSME business itself (Adiandari, 2022). According to Rahman, the human capital factor in managing a company is also a determining factor for the success of MSMEs in developing their business. A business that was originally small can become big if every business actor can pay attention to one factor that positively impacts MSMEs, namely understanding MSME financial management (Ur Rahman et al., 2020). During the rapid development of MSMEs in Indonesia, however, in early 2020, MSMEs in Indonesia experienced a decline due to the emergence of the Covid-19 Virus, which had a direct impact on the economic cycle, especially for MSMEs (Pitoyo & Riyanto, 2022).

The growth of MSMEs in Indonesia in the last three years has also experienced a very rapid increase. This then shows a positive trend where MSMEs in Indonesia has become an important factor in advancing the economy in Indonesia. At the beginning of 2020, it was inevitable that MSMEs in Indonesia felt the tremendous impact of the Covid-19 Virus, and many MSMEs in Indonesia had difficulties running their businesses (Redjeki & Affandi, 2021). This is evident from the Kadin survey for one year of the Covid-19 pandemic, where 05.4% of MSME players went bankrupt; 35.6% of MSMEs with the potential to go bankrupt; 38.9% of MSMEs whose sales decreased by up to 50%; 12.8% of MSMEs did not change. The reason is the implementation of large-scale social restrictions in Indonesia, which impact the public's purchasing ability, where people are asked to stay at home to reduce the spread of the Covid-19 virus. After almost a year, SMEs in Indonesia are required to be able to adapt to the new order of life in the new normal. With these new challenges, MSMEs in Indonesia are expected to survive by paying attention to financial management (Juwita et al., 2020).

To be able to overcome the problem of poverty, MSMEs must be able to survive and pay attention to what factors can affect their survival of MSMEs. One of them is realizing the importance of financial management in MSMEs that must be understood by MSME actors because if, in the long term, the ignorance of MSME actors about how important it is to understand the rules of financial management will be a problem for these MSMEs (Octasyilva et al., 2022). By understanding the regulations in the financial management of MSMEs, it is hoped that MSMEs in Indonesia can increase their income further because they can maximize the funds used in business activities. Proper financial management will produce the right targets in achieving the goals of MSMEs in Indonesia to create prosperous MSME actors. In the end, MSMEs in Indonesia can survive, especially in the face of the new order of life (Resmi et al., 2021).

Financial Management

Carrying out financial management is an important aspect and should be considered by each person/group of people in the progress of the business. It is useful so that the company can achieve its goals related to financial prosperity. According to Al Falia, managing activities (management) requires discipline and determining priorities from self-control (Yulianti et al., 2022). Self-control will help MSME owners to stick to the management principles, namely efficiency and effectiveness. According to Ediraras, MSME actors whose finances are managed and informed in a transparent and accurate manner will positively impact the businesses of these MSME actors (Daou et al., 2019). According to Handoko, management or management is working with people to determine, interpret and achieve organizational goals by implementing the functions of planning, organizing, preparing

personnel, directing, and leadership and monitoring. Financial management is intended so that the finances of a business can be managed properly so it can generate profits following the initial objectives of the company (Haq et al., 2022).

Financial analysis is a foundation that can provide an overview of the company's financial health both now and in the past so that it can be used for decision-making for company managers (Settembre-Blundo et al., 2021). There are four basic frameworks for financial management or management, namely:

1. Financial planning

Financial planning includes sales, profits, and assets based on alternative production and marketing strategies to determine funding needs. According to Kuswadi, planning activities in finance, one of which is to formulate annual and long-term financial targets, as well as financial budgets (Fan et al., 2021).

2. Financial records

The recording stage consists of compiling or making evidence of transactions, recording proof of these transactions sequentially according to the time of the incident, and posting each estimated account into the general ledger. The financial recording itself means the activity of recording financial transactions that have occurred correctly and systematically. The recording is used as a marker that there have been transactions that occurred in the specified period in the organization (Nawari & Ravindran, 2019).

3. Finance report

Financial statements, according to Kasmir, in a simple sense, financial statements are reports that show the company's financial condition at this time or in a certain period in general. The financial statements consist of a balance sheet, profit and loss calculations as well as a statement of changes in equity. The balance sheet shows/describes a company's total assets, liabilities, and equity on a certain date (Hosaka, 2019). While the profit and loss calculation (report) shows the results that have been achieved by the company and the expenses incurred during a certain period, and the statement of changes in equity shows the sources and uses or reasons that cause changes in the company's equity. According to Kasmir, in practice, in general, there are five types of financial statements that are commonly prepared: balance sheets, income statements, changes in capital reports, cash flow statements, and notes to financial statements (Sari et al., 2022).

4. Financial control

Control is the process of measuring and evaluating the actual financial performance of each line of business and seeing if improvements are needed in the future. Control is carried out to ensure that the company or organization can achieve the goals set (Erdil et al., 2018).

MSME

MSMEs also play an important role in helping improve the community's economy at the city and district levels. This is because MSMEs are large enough producer and consumer entities, so that money in the community experiences circulation from and by MSMEs themselves. Besides that, MSMEs are more resilient, so they are more resistant to economic and monetary crises (Gunawan & Safira, 2022). Based on the Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small, and Medium Enterprises explains:

1. Micro-enterprises are productive businesses owned by individuals and business entities that meet the criteria for Micro-enterprises as regulated in this Law (Djarmiko & Pudyastiwati, 2020).
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part, either directly or indirectly, of Medium Enterprises or Large

Businesses that meet the criteria Small Business as referred to in this Law (Sutikno & Kuruppuarachchi, 2021).

3. Medium Enterprises are productive economic businesses that stand-alone, which are carried out by individuals or business entities that are not subsidiaries or branches of owned companies, directly with Small Businesses or Large Businesses with a total net worth or annual sales proceeds as regulated in this Act (Sumarsid et al., 2022).

According to Ardila, MSMEs are productive businesses that meet business criteria with certain limits on net worth and annual sales results, and MSMEs that are not subsidiaries of the company or branches of the company, either directly or indirectly part of the company following the criteria set out has been determined (Fahtiansyah et al., 2022).

Strategy

Strategy is an implementation effort whose implementation is based on intuition, feelings, and results of experience. Strategy can also be a science whose steps are always related to existing data and facts. Strategies usually span the future, so generally, strategies are prepared in stages by considering the factors that influence them (Ciampi et al., 2020). There are several strategies or efforts that MSME business actors can take to restore their economy. A business is said to be successful if, after a certain period, the industry has increased both in the capital, business scale, results or profits, type of business, or management. By being able to achieve this, it means that a company can be said to survive (Priyono et al., 2020). During the current COVID-19 pandemic, entrepreneurs must be hard to maintain their business in various ways. This happened because of government regulations that imposed large-scale social restrictions. Suryana stated, "To be a successful entrepreneur, one must have a clear idea or business vision, then have the will and courage to face risks in both time and money" (Ratten & Jones, 2021).

METHOD

This research will be carried out using a qualitative approach the method. The data used in this research comes from various studies and previous studies that are still relevant to this research. The researcher will analyze the research data so that the conclusions in this study can then be found.

RESULT AND DISCUSSION

The Role of Financial Management

In this study, the financial management of MSMEs in Indonesia is assessed from four indicators, namely indicators of budget use, financial recording, financial reporting, and financial control, which are described as follows:

1. Budget Usage

In general, the results of research conducted on MSMEs in Indonesia are related to indicators of budget use regarding making the correct use of the budget. Budgeting is one way to plan and control profits, and it is necessary to analyze the use of the budget in the financial management of an MSME. In addition, using the right budget can be one of the factors that MSMEs can survive and develop. In the results of observations made by researchers on MSMEs in Indonesia regarding the use of budget items regarding capital planning carried out by MSME actors, they are obtained through personal savings and loans. Loans made by MSME actors are by using credit from existing banks. The capital is used for MSME operational activities such as purchasing raw materials, facilities, employee salaries, product marketing costs to achieve MSME performance so that they can survive and compete. Many product sales are also carried out only with cash transactions, or you could say that they do not use the credit system or the financial technology system, which

should help MSME actors maintain and develop their MSMEs. The MSME actors still have not made clear targets in their financial records for the following periods. They have not evaluated the initial financial planning and the actual results that occurred in a certain period. In using the budget, business actors have separated personal money and business capital used for activities in MSMEs. This is very good and appropriate because separating cash means that MSME actors can know the company's finances well without being mixed up with personal money. The separation of private funds and business capital is carried out with different accounts to avoid personal interests outside the operational activities of MSMEs. Most MSME actors already have cash reserves for unexpected expenses taken from the profits from product sales. This is done to minimize the cessation of MSME operational activities due to a lack of working capital. Due to limited knowledge and human resources, business actors have not used the budget to plan future MSME activities. This is considered unfavorable because the company will find it difficult to develop and compete with MSMEs. In general, MSMEs in Indonesia have not implemented the use of a budget because business actors think that the business they are starting is still small, so they have no idea about a budget plan.

2. Financial Records

In general, research results on MSMEs in Indonesia regarding the average effects of financial recording indicators that carry out financial records correctly and properly. Financial records are important because they can assist business actors in evaluating daily financial management and making future decisions. By making correct records, it is hoped that there will be no losses from errors or differences in the expenses and income of a business. By minimizing this by carrying out financial records, MSMEs are expected to take advantage of business profits to survive and compete with other MSMEs. In the results of a field survey conducted by researchers regarding financial records in general, MSME actors still have not used or carried out financial records properly, and this is because business actors feel that it is too difficult and troublesome to do because of their lack of understanding regarding financial records. Business actors admit that they only record daily transactions rather than make financial reports correctly because the daily recording is considered easier, more practical, and sufficient because MSME owners will only use records. Correct bookkeeping is very important because it can help business actors evaluate financial management and make financial decisions for their business's future. Therefore, financial records are considered important to be applied by MSME actors to help manage their finances. Financial recording carried out by MSMEs in Indonesia still uses manual transaction recording.

3. Financial Reporting

In general, the results of research on MSMEs in Indonesia regarding the average effects of financial reporting indicators that make financial reports correctly and properly according to accounting rules. Financial statements are made to provide information about the financial position of a business and are intended for users of financial statements, not just numbers. In general, few MSME actors in Indonesia do or make complete financial reports such as balance reports, income statements, cash flow reports, and other reports. The reason is that business actors think the business they are building does not need the financial statements because they think their business is still small and they can manage it without making financial reports. On the other hand, even though financial reporting is very important because it can help business actors themselves to be able to see and assess the financial performance of MSMEs for a certain period and then it can be used as a basis for making decisions for strategies for MSME actors to survive and develop these MSMEs, such as product development, expansion of marketing, the addition

of operational tools, and other cost savings. Meanwhile, for external parties, the existence of financial statements can be used as added value when applying for a loan for capital outside parties. With financial reporting that internal and external parties can use, there is a great opportunity for business actors to continue to survive in the midst of the current situation and is expected to compete and develop even more.

4. Financial Control

In general, the results of research conducted on MSMEs in Indonesia are, on average, the results of financial control indicators that carry out financial control. Financial control is the stage where evaluating the financial plan that was designed at the beginning regarding its implementation, whether the financial plan is implemented properly or not, and whether there are changes from the initial financial plan that has been made is useful for evaluating MSME actors whether the initial financial planning that was implemented can help manage the business in MSMEs, especially in Indonesia. In general, MSMEs in Indonesia, based on field surveys, are still MSMEs that have not exercised control because these MSMEs do not have their notes or if there are business actors who do not use these notes to evaluate or control their finances for a certain period. Most MSMEs only store physical notes for a certain period, even though these have very big weaknesses, such as notes that will be lost, damaged, or cannot be read again. However, it is different if MSME actors have made digital transactions so that everything can be recorded periodically, properly, and safely, making it easier for them to control their finances. Evidence of commerce, either physically or recorded on the application, should affect MSMEs because it can be evidence if one thing or another happens in MSME operational activities that can be detrimental. In addition, by controlling the finances of MSMEs in Indonesia, it is hoped that they can develop their business more broadly by evaluating for the next period.

Financial Management Strategy

The Covid-19 pandemic that occurred in 2020 impacted the economy's instability. Most MSME actors feel the direct impact of the Covid-19 Virus due to a decrease in income due to the issuance of the government's appeal regarding the application of PSBB, which requires people to stay at home, so quite a lot of MSMEs in Indonesia have to stop operating for a while. For this reason, MSME actors must pay attention to maintaining their business, namely financial management. From the research results above, there are still MSMEs that have not implemented the rules of financial management correctly and completely, even though this can help MSME actors reorganize their businesses so that they can survive and compete in this New Normal Covid-19 era. This can be done by carrying out financial planning, financial records, financial reporting, and proper financial control so that working capital can finance all business activities more effectively and efficiently that ultimately it can help MSMEs in running their businesses according to plan.

Based on the analysis results, the focus of the strategy that can be used is to take advantage of strengths to seize opportunities. There are five strategies used, namely:

1. Improve regular records for sales and purchases both in cash and credit. A recording is the main activity of a business that occurs regularly and repeatedly. By carrying out regular records, it is hoped that this can be taken into account by MSMEs to make operational strategies for the next period, so it is necessary to record accurately, properly, and correctly.
2. Increase the use of applications for recording sales and purchases. In MSMEs in Indonesia, especially MSMEs, the sample of this research is still very lacking in the use of applications in carrying out financial records and making financial reports. If understood by MSME actors, the use of accounting computer applications to record all transaction activities, sales, and purchases,

will be more efficient and thorough. An accounting application will make sales and purchase data more accurately structured and minimize human error.

3. Optimizing cash reserves. Managing cash and identifying the optimal cash balance is important for MSME actors. In carrying out poor cash management, it will harm the performance of MSMEs. MSMEs with cash reserves will have the opportunity to survive and grow in the future. MSMEs can use this cash for profitable business expansion and unexpected payments for operational activities, therefore, MSME actors need special reserves for the businesses they run.
4. Optimizing the recapitulation of cash receipts and disbursements to obtain loans and financial assistance. By recapitulating cash receipts and disbursements, it can help MSMEs in making financial reports. Having the correct financial statements will help MSME actors to get additional funds from outside parties, this can describe the business conditions experienced by MSME actors. Recapitulation is the overall sum or total of all balances for a certain period. Recapitulation can be done daily, weekly, monthly, and yearly.
5. Optimized the creation of duplicate notes. Notes are the most commonly used proof of transactions for MSMEs in Indonesia. Using a two-fold note, it can be evident if one day there is a complaint from either the consumer or the distributor of raw materials. The two-fold memorandum can also be the basis for MSME actors to collect their receivables if there is a delay in payment. The note serves as a record of a shopping or sales list, as information on the total price of goods or services sold or purchased, as proof of a valid transaction, and as a source of data in compiling financial accounting reports for SMEs.

CONCLUSION

Based on the results of research and discussions that have been carried out on MSMEs in Indonesia, the conclusion that can be drawn is that the application of financial management is still very simple, namely, only by recording incoming and outgoing money. In addition, it still does not use good and correct financial management principles such as using budgets, financial records, financial reporting, and financial control. Then business actors feel that doing financial management is too difficult and troublesome to do because of their lack of understanding regarding financial management. Furthermore, they do not know the importance of financial management to help MSME actors survive in conditions like today, where MSMEs have decreased income due to Covid-19. By implementing financial management, it is hoped that MSME actors can survive and utilize existing finances more effectively and efficiently. Finally, there are several strategies related to financial management that can be carried out by MSME actors in Indonesia, namely increasing periodic records for sales, and purchases both in cash and credit, increasing the use of applications for recording sales and purchases, optimizing cash reserves, recapitulation of cash receipts and disbursements as a way to obtain loans and financial assistance and to maximize the production of two copies of notes.

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