

FINANCIAL MANAGEMENT ASSISTANCE FOR HADIPOLO KUDUS KNIFE CRAFTSMEN

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Submission date: 04-Apr-2022 04:02AM (UTC+0700)

Submission ID: 1800448409

File name: IAL_MANAGEMENT_ASSISTANCE_FOR_HADIPOLO_KUDUS_KNIFE_CRAFTSMEN.pdf (260.49K)

Word count: 1841

Character count: 10553



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Abstract

Hadipolo Village is one of the villages in Jekulo District, Kudus Regency which is a center for making tools made of iron, for example, knives. The knife-making business in Hadipolo Village has been developing for a long time and has been passed down for generations. Hadipolo knife is the product of Hadipolo Village which is well known in other areas and even in other provinces in Indonesia. One of the problems faced by Hadipolo knife craftsmen is the management of business finances. The purpose of this community service activity is to provide motivation and accounting knowledge to Hadipolo knife craftsmen to carry out financial management so that Hadipolo knife craftsmen can be more economically independent. The implementation method is divided into four stages, namely the lecture method, tutorial method, simulation method, and discussion method. The results achieved in this service activity are Hadipolo knife craftsmen gaining knowledge about simple financial management and the benefits of applying simple financial management to business progress.

Keywords: Financial Management, Knife, Hadipolo.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the country's economy. This is because the MSME sector is the largest contributor to Gross Domestic Product (GDP), which absorbs the most employment and is relatively resistant to the financial crisis. Based on Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, Hadipolo knife craftsmen who are partners in this service are included in the category of micro-businesses. Assets owned are still below fifty million rupiah and annual sales are still below three hundred million rupiahs, so it is necessary to give motivation about financial management for Hadipolo knife craftsmen so that they can move up to become small businesses and even medium businesses.

MSMEs are the backbone of the Indonesian economy because MSMEs have strong resilience. Economic activity has become the savior of a country that is in a slump. The government always gives full attention to MSMEs. Based on data from the Ministry of Cooperatives and MSMEs as of December 31, 2019, the number of MSMEs in Indonesia was 65,465,497 units with a GDP contribution of 60.51%.

Hadipolo knife craftsmen still have many weaknesses in their business activities, including limited production sites and conventional production processes so that their production capacity is still unable to meet market demand. In addition, financial management that is still irregular and still mixed with personal finances is also a weakness that must be found a solution so that Hadipolo knife craftsmen can later be more economically independent. Hadipolo knife craftsmen when asked how much profit they receive on average while their business is running, answers cannot indicate whether their business has been making a profit or loss. Hadipolo knife craftsman still considers that without financial records his business can still operate. Finally, Hadipolo knife craftsmen ignore what accounting is because it is

considered not to provide benefits and is also difficult to practice in business because of limited Human Resources (HR).



Figure 1. Hadipolo Knife Production Process and Products

Seeing the low understanding of Hadipolo knife craftsmen about business financial management, the service implementation team was concerned and moved to hold service activities regarding the importance of business financial management for MSMEs. Good knowledge and understanding of business financial management have an impact on the development of business activities because craftsmen can use their financial information as a basis for decision making (Mulyani, et al, 2017).

Weakening consumer demand for products during the Covid-19 pandemic, of course, craftsmen must be good at managing business finances. Therefore, when there are no financial records in their business activities, it is difficult to decide in determining the priority costs that must be incurred so that the implementation of this service focuses on increasing the understanding of Hadipolo knife craftsmen

regarding business financial management based on the Financial Accounting Standards for Micro, Small and Entities Intermediate (SAK EMKM).

The purpose of carrying out community service regarding financial management for Hadipolo knife craftsmen is so that craftsmen can know the importance of implementing financial management and the benefits obtained when implementing financial management in their business.

The problems faced by Hadipolo knife craftsmen are that the production process is still conventional so that the production capacity has not been able to meet market demand, the tools used for production are still traditional, the products produced do not have good packaging and the brand has not been registered, the business management is still running, conventional, traditional marketing systems, and conventional financial management.

The main key in business is managing business finances properly and thoughtfully. If the business does not use consideration in its financial management, then what is obtained is a disappointment because of losses so that the focus of solving problems in community service is financial management for Hadipolo knife craftsmen.

METHOD AND PROCEDURES

The method used in solving community service problems for Hadipolo knife craftsmen, especially financial management, is divided into four methods. The methods used are:

- a. The lecture method conveys the importance of managing the business finances of every business. The goal is to motivate Hadipolo knife craftsmen to implement business financial management even though it is too late.
- b. The tutorial method simply conveys material about accounting records, starting from journaling to preparing financial reports for MSMEs. The financial statements presented are based on SAK EMKM, namely the statement of financial position, income statement, and notes to financial statements.
- c. The simulation method is carried out by assisting in recording notes or proof of transactions that have occurred several weeks ago. Previously, Hadipolo knife craftsmen were asked to prepare a proof of transactions that had occurred at least 20 proofs transactions.
- d. The method of discussion discusses the difficulties and obstacles that will be carried out in implementing financial management in the business being run.

RESULTS

This community service activity is carried out on Monday-Tuesday, July 26-27 2021. Service activities take place from 08.00-12.00 WIB. The implementation of this service activity was attended by the service implementation team and Hadipolo knife craftsmen while still following health protocols, namely using masks, practicing social distancing, and providing hand sanitizers. The implementation of community service took place at the house of Mr. Khoirul Anam, the owner of UD Subari Legiyo.

The first event was opened by the head of the service executive by giving a speech and emphasizing the importance of financial management for businesses. The speech also mentioned the need to separate finances between business finances and personal finances so that in each period it can be seen that the business is carried out is experiencing a profit or loss.

After the speech from the head of the service implementer, the material on the importance of financial management was continued by the members of the service implementer. The way of carrying out bookkeeping for MSMEs is simple, namely making records of expenses and income, making a cash book, making the inventory, making profit and loss reports, and making statements of financial position. What needs to be considered in doing bookkeeping is checking invoices, keeping all financial records, taking the time to review the books prepared and separating payments from receivables and debts.

The next material is using the tutorial method for managing business finances through simple bookkeeping with the following stages: 1) recording and classifying all business transactions that occur 2) summarizing records of business transactions that have occurred into financial statements, and 3) analyzing financial statements that have occurred. has been presented for future business development.

The first step is recording transaction evidence into the journal until the presentation of the financial statements submitted in SAK EMKM. There are three presentations of financial statements that are intended for MSME businesses, namely statements of financial position, profit and loss statements, and notes to financial statements (CALK) (Badria and Diana, 2018). This statement of financial position is a summary of the assets owned by the company. The income statement is a summary of the income and expenses incurred in business activities in each period. The goal is to obtain information on whether the company experienced a profit during that period or vice versa. The notes to the financial statements convey that the appropriate presentation is based on SAK EMKM, a summary of accounting policies, and additional information for each account.

The next method is a simulation of the actual transaction evidence to be recorded in the books to produce the presentation of financial statements. In the simulation stage, the participants were very enthusiastic and followed with enthusiasm.

The last method, namely a discussion of the difficulties and obstacles in the implementation of financial management. The results of the discussion participants asked for further training to be held after one month of trying to implement simple financial management.

The closing of the event was warmly welcomed by the head of the service executive for the participants' proposal to hold further training on the calculation of MSME taxes.



Figure 2. Submission of Financial Management Materials



Figure 3. Implementation Team and Participants of Financial Management Service Activities

CONCLUSION

The implementation of community service activities regarding financial management can run smoothly. Service participants are very enthusiastic and motivated to apply financial management to their businesses in the hope of getting information on business developments in each period or every month.

ACKNOWLEDGMENTS

Thank you to the Ministry of Research and Technology / National Research and Innovation Agency Deputy for Research and Development Strengthening who has funded this community service activity through the 2021 PKM grant.

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