

ANALYSIS OF FINANCIAL MANAGEMENT OF PEOPLE'S STORES (TOKO MILIK RAYAT/ TOMIRA)

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ABSTRACT

This study aims to determine the financial management in Tomira from planning, recording, reporting, and controlling. This study is expected to help Tomira manage finances to be more effective and efficient in order to improve the regional economy. It used a qualitative descriptive approach. The data were collected from interviews and documents. Then, the data were analyzed analytically. The results show that Tomira has implemented financial management quite well, but it still needs improvement in the planning, recording, and reporting aspects. Meanwhile, the budget use and control run quite well.

Keywords: Financial management; Tomira; MSMEs; Effective

ABSTRAK

Penelitian ini bertujuan untuk mengetahui penerapan pengelolaan keuangan di Tomira dari mulai perencanaan, pencatatan, pelaporan hingga pengendalian. Penelitian ini diharapkan dapat membantu Tomira dalam mengelola keuangan agar lebih efektif dan efisien, sehingga dapat meningkatkan perekonomian daerah. Alat analisis yang digunakan untuk menganalisis hasil wawancara yaitu analisis tematik. Penelitian ini dilakukan dengan menggunakan pendekatan kualitatif deskriptif. Penelitian ini menggunakan teknik wawancara dan dokumentasi. Hasil penelitian menunjukkan bahwa Tomira telah melakukan penerapan pengelolaan keuangan dengan cukup baik. Namun masih harus ditingkatkan dalam aspek perencanaan, pencatatan dan pelaporan. Sedangkan dari sisi penggunaan anggaran dan pengendalian telah berjalan dengan cukup baik.

Kata Kunci : Pengelolaan keuangan; Tomira; UMKM; Efektivitas
JEL Classification: M41; M13



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INTRODUCTION

The industrial sector, including MSMEs (Micro, Small, and Medium Enterprises) and cooperatives, is one of the drivers of the national economy (Amalia, Hidayat, & Budiarmo, 2012). MSMEs are important for developing rural and community economies in many countries worldwide (Aremu & Adeyemi, 2011). Cooperatives are a pillar of the national economic system (Sitepu & Hasyim, 2018). The Organization for Economic Cooperation and Development (OECD) explained that MSMEs could help increase their contribution to inclusive growth in the economic and social context (OECD, 2017). In many countries, MSMEs play a vital role in reducing poverty and inequality as well as job creation in rural areas. MSMEs greatly contribute to economic and social well-being, which can be further enhanced, such as providing a significant source of employment (70%), being a significant contributor to value creation, and generating 50% - 60% of average value added (OECD, 2016). Historically, MSMEs have been influential players in local economic activities, particularly as providers of significant employment opportunities. Therefore, they become generators of primary or secondary income sources for households.

MSMEs take a crucial part in developing the economy through imports and tariffs on goods that drive the world economy's success. According to Achjari, Abdillah, Suryaningsum, & Suratman (2011), MSMEs make a significant contribution to GDP (Gross Domestic Product). However, MSMEs face some challenges. Suyatna (2016) explains that MSMEs are always predicted to be a strategic economic sector. However, there are some challenges, including low access to capital, traditional organization and management, not keeping up with technological developments, unattractive design innovations, limited market networks, no halal certification, and inconsistencies in government policies.

Further, the significant challenges are the availability of funds accessible for MSMEs and management's understanding of financial information (Siswanto & Sadjarto, 2014). Meanwhile, Karadag (2015) states that one of the causes of failure of the MSMEs' business is poor financial management, as supported by Risnaningsih (2017), who explains that financial management is the key to developing MSMEs. An excellent financial condition helps MSMEs to grow well. Moreover, the implementation of financial management practices has a significant effect on financial performance (Gloy & Ladue, 2003).

Gerakan Bela-Beli Kulon Progo manifests local government support for the existence of MSMEs. It is initiated by the government of Kulon Progo District to support MSMEs, cooperatives, BUMD, and all communities to use or purchase local products to support economic independence. One of the initiatives is Toko Milik Rakyat (Tomira), or the People's Stores Program. This program is the follow-up of the Regional Regulation Number 11 of 2011 concerning the Protection and Empowerment of Traditional Markets and the Arrangement of Modern Shopping Centers and Stores, and Kulon Progo Regent Regulation Number 4 of 2012 concerning the Implementation of Modern Store Business Licenses. Consequently, the modern franchise stores have to be closed if it is less than 1000 meters away from the traditional market.

Tomira is a form of cooperation or partnership between Modern Stores (Alfamart and Indomaret) and the cooperative in Kulon Progo District. The increasing number of modern franchise stores, including Alfamart and Indomaret, has brought anxiety to some traditional business owners whose target market has shifted to trendy franchise stores. Further, currently, customers prefer to shop at Alfamart or Indomaret (Iffah, Sutikno, & Sari, 2011). It resulted in a decrease in sales turnover, profits, number of employees, and physical sales of traditional market traders (Sihotang & Afifuddin,

2014). Meanwhile, Masyhuri & Utomo (2017) believe that the existence of modern stores does not decrease the sales and purchase in the traditional market, but it affects the wholesaler.

Recently, Tomira becomes a center of interest in the Kulon Progo District because it is a breakthrough in business. It is highly appreciated and it encourages researchers to observe it. A memorandum of understanding between the Kulon Progo Regional Government, PT Indomarco, and PT SAT mentions that Tomira must provide space for at least 20% of the total sale products for Local MSME products. However, the annual turnover of local product sales in Tomira is still low due to less optimal financial management. Lack of managerial and financial control becomes the main factor of business failure. Harjito & Martono (2011) state that financial management is all company activities related to obtaining, using, and managing funds according to company goals. Cooperative financial management refers to all collaborative activities related to efforts to get the necessary funds at minimum costs, with favorable terms and efforts to use funds as efficiently as possible. This study aims to identify the implementation of financial management in Tomira as limited studies focus on financial management, particularly in the planning to control process. This study focuses on strategies to improve financial management in Tomira to improve accountability and program planning. Therefore, its financial management can effectively and efficiently run.

METHOD

This descriptive qualitative study used a case study approach. Qualitative methods can provide an in-depth understanding of research issues and can be used to explore new topics or understand complex problems (Hennink et al., 2012). The object of this research is Tomira (People's Stores), located in Kulon Progo District with a total of 19 stores.

The data were collected through in-depth interviews and collected from the relevant document in Tomira. The in-depth interview method aims to dig deeper information related to facts in the field. Interviews were conducted directly with the informants. The criteria of selected informants were people who are involved from the planning process to financial reporting and have the authority to provide information to those who need it. The informants were Tomira managers (2 people), head of the division, and staff of Cooperatives for Small and Medium Enterprises Office of Kulon Progo. The documents covered annual reports, the financial statement of Tomira, and official documents from Cooperatives for Small and Medium Enterprises Office of Kulon Progo.

In this study, the data were analyzed using thematic analysis. Thematic analysis is a qualitative method used to identify, analyze and present patterns/themes based on the data obtained (Braun & Clarke, 2006). According to Braun & Clarke (2006), the steps in carrying out thematic data analysis are transcribing the interview recording to make it easier to analyze. The data were then classified according to their respective codes to facilitate data reduction. Then an analysis of the initial data codes was carried out to determine the theme.

Furthermore, the theme was evaluated through review and improvement to have relevant results. After getting the theme, then it was continued with naming and defining the theme to obtain effective data. The analysis report was presented briefly, coherently, logically, interestingly without repetition to explain the research question. The validity was tested using source triangulation and member checking. Source

triangulation was comparing documents with the results of interviews and conducting cross-checks and verification with other sources.

RESULT AND DISCUSSION

The government appreciated the existence of Tomira as a form of innovation with the memorandum of understanding between the Government of Kulon Progo and the Director of PT. Sumber Alfaria Trijaya, Tbk. Number: 28/MOU.KP/HKM/2014 and Number: SAT/LCS/KTN/IX/14 dated September 1, 2014. Then, the cooperation was expanded with a partnership with PT. Sumber Alfaria and PT Indomarco Prismatama. The number of Tomira reached 19 units in 2019.

Table 1. Number of Tomira in Kulon Progo

Year	Number
2014	3 Tomira
2015	4 Tomira
2016	3 Tomira
2017	3 Tomira
2018	3 Tomira
2019	3 Tomira

Source: Cooperatives for Small and Medium Enterprises Office of Kulon Progo, 2019

The collaboration between Modern Stores and Cooperatives shows positive impacts on MSMEs to market their products. The products can be displayed or traded on the shelves or slots of modern stores. Based on the memorandum of understanding, MSMEs are given a minimum space of 20%. However, it has not been fulfilled to present because some MSMEs have to pass some procedures such as PIR-T, have a labeled packaging completed with the expiration date, and product eligibility. The sample of a shelf for MSME products displayed in Tomira can be seen in Figure 1 and Figure 2.

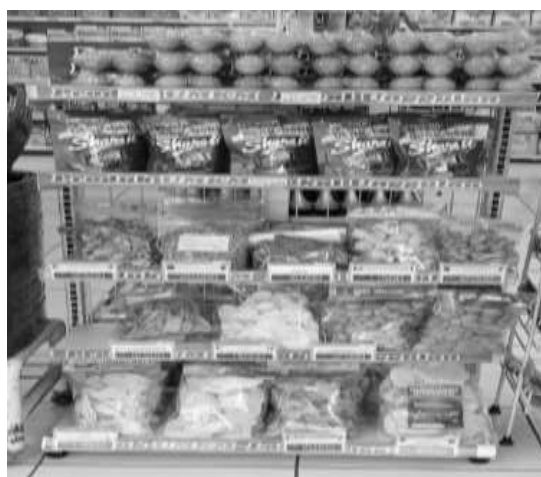


Figure 1. Shelf for MSME products in Tomira Sentolo



Figure 2. Shelf for MSME products in Tomira Wates

Based on Figure 3, it can be seen that the total turnover of Tomira in 2019 reached 242 million rupiahs. The number of MSME products in partnership with Tomira reached 286 items. Some of them are processed foods (chips), chocolate, coffee, tea, and sugar. Besides, there are handicrafts such as blangkon, batik cloth, and others. However, the increase in the product number is not followed by the improvements in

financial management. The financial management of Tomira can be assessed from indicators of planning and budget uses, financial records, reporting, control, and supervisor.

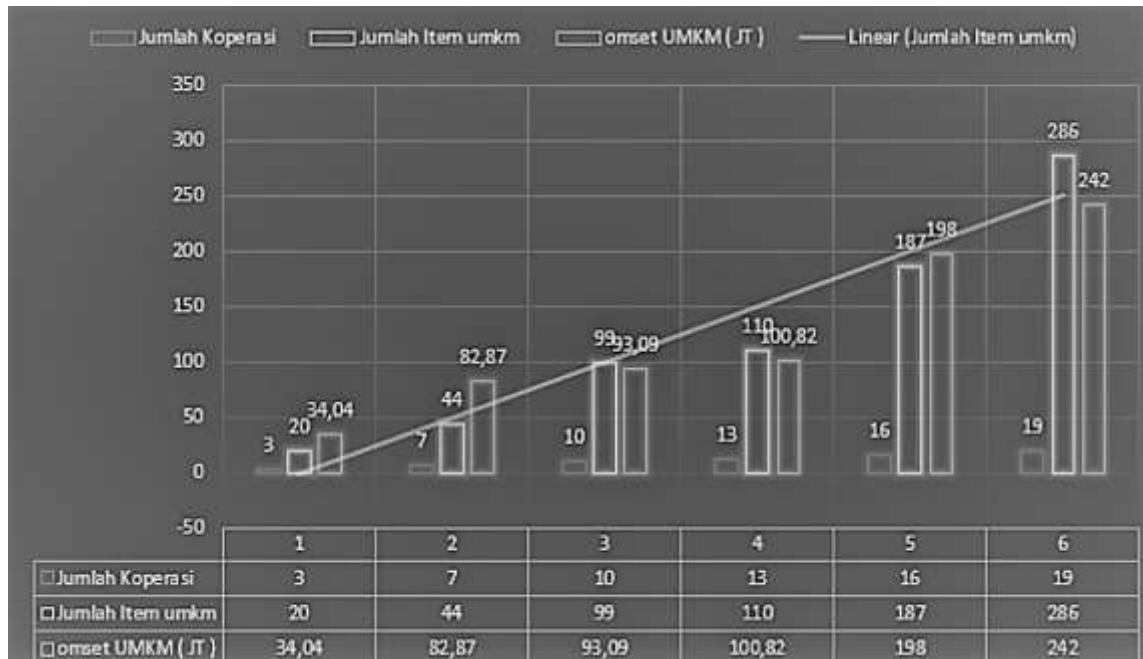


Figure 3. Data of cooperatives and MSMEs in partnership with Tomira (2012-2019)
Source: Cooperatives for Small and Medium Enterprises Office of Kulon Progo (2019)

Planning and Budget Uses

Ramírez-Urquidy, Aguilar-Barceló, & Portal-Boza (2018) state that planning is essential to achieve an efficient resource organization, reduce costs arising from uncertainty and constant change, and maximize the potential effects of economic management. Further, Rasid et al. (2011) believe that strategic planning, budgeting, and budget control play an essential role in managing risk, for example, credit risk, market risk, liquidity risk, and operational risk. A budget is a form of planning which aims to provide a detailed plan regarding activities in a certain period. Suhardi (2019) states that budget preparation can be used as a guide to assess whether a result is good or bad. Tomira has carried out business planning in budget planning such as sales planning, marketing, and product procurement.

In sales planning, Tomira has a monthly sales target and also how many products to be sold. Then for Tomira marketing, by determining the marketing target, namely the local community and road users passing through Kulon Progo and using social media to communicate with potential consumers. Production planning is related to the sale of products from MSMEs, namely by procuring or purchasing UMKM products and looking for MSMEs to be marketed in Tomira. Next, make a product eligibility selection. However, many MSME products do not meet the predetermined standards to be displayed in the Tomira, for example, the name and address of the producer, PIRT registration, and production and expiration date. As a result, it obstructs the potential income from selling MSME products. Therefore, as the MSME product slots are not fulfilled in the Tomira, it hinders Tomira in projecting the revenue and profit generated from selling MSME products (Tomira's main characteristics).

The existing partnership should have made Tomira absorb knowledge from Modern Store management planning. But, until now, store organizational planning is still being taken over by Modern Stores. One of them is planning for non-UMKM products. Everything is designed by the retailer from the quarterly to annual revenue budget even though the shop employees come from the cooperative.

"The retailer (Alfamart) handles all the management." (Informant 1)

Concerning the management process in Tomira, informant 1 explained that the retailer still dominates the store management, particularly managing HR. It is following the opinion of the second informant.

"The employees were from Alfamart, but then, the business, products, and others are taken over by the cooperative. However, generally the training is provided by Alfamart." (Informant 2)

It is because the human resources are considered inadequate and limited capital. However, every month, the modern store makes annual reports, and the tax is then submitted to the cooperative for evaluation. Store management, which Modern Stores are still taking over, can impact Tomira because, on the managerial side, there is still intervention from Modern Stores. Tomira is not independent in managing the store. A previous study conducted by Hamid & Susilo (2015) found that limited capital and funding become an obstacle in developing a business. It indicates that Tomira is still dependent on retailers in planning the company, and it can result in a low level of independence in business planning in the future.

The Financial Record

The financial record is crucial as it can help evaluate a business activity and the basis for decision-making. In this case, the economic recording of Tomira is quite detailed. However, the recording is still done manually.

"It stands alone and is not integrated with MSMEs, even the IT management is separated. The MSME products have not been recorded electronically." (Informant 1)

The MSME product recording system at Tomira only covers the unit price and the number of products of each type of MSME product. It indicates that the recording system does not meet the recording standards for accounting.

"Here we have MSME products. It shows the total purchased and sale. Thus, there are columns for sales and profits. We stock the product every week and record the sale item and count the profit. It's effortless." (Informant 4)

This manual financial recording is due to difficulties in procuring digital technology (computers, barcode machines, and accounting software). The profit has not been able to purchase such technology as some other costs are to be paid. In line with this condition, Hamid & Susilo (2015) stated that innovation and information technology are obstacles in developing a business. Meanwhile, one of the advantages of using accounting software is collecting, compiling, and recording all information of business financial transactions.

In this case, Tomira has to improve the recording system to make information about the purchase and sale of MSME products can be better understood by information users. First, the improvement is double-entry understanding bookkeeping (namely debit and credit) and applying it to meet basic accounting standards. The

second is to use a perpetual recording system in recording incoming and sold MSME products. This method has the advantage of knowing the profit per unit of product sold and the product inventory available for sale. The third is to make "a mini profit and loss" report to identify the profit generated from sold MSME products specifically. This report can provide information for report users (head of the cooperative) to make decisions related to MSMEs, such as keeping selling MSME products or not (Keep or Drop Decision), or the reorder point for each type of MSME product based on sales performance per product. Through such improvement, Tomira managers can better understand information related to the performance of MSME products comprehensively. Besides, bookkeeping will also help Tomira in evaluating policies in decision-making regarding the procurement of MSME products.

The Reporting

Both cooperative and modern stores prepared the transactions record and financial statements of Tomira. The results of selling the retailer's products were recorded in the Tomira system, then followed by creating financial information to be submitted to the cooperative. Meanwhile, the results from selling MSME products were recorded manually in a simple financial report. Therefore, Tomira has two reports for the sale of retailer products and MSME products.

Those financial reports were prepared quarterly and annually. It is in line with Sian & Roberts (2009). They state that an overview of financial statements can be obtained by examining the types of financial information used on a monthly, quarterly, or annual basis. Thus, Tomira's financial report preparation is not good enough. Tomira has to compile financial reports independently, understand the information contained in them, and make decisions based on that information.

"The financial report is as a whole, Tomira is only one of the existing business units of cooperatives. Then, the company has its own rules for financial reports. The cooperatives require a balance sheet at least, profit loss, and cash flow. Then, they will be combined with the cooperative later." (Informant 3)

"The financial reports have used to the system." (Informant 5)

However, preparing the report is mainly done by the Tomira manager as no accountant records explicitly and prepares the reports.

"Yes, I am the manager, so it is easy to arrange the salary, but if we hire more employees, we need to pay them monthly." (Informant 6)

Tomira is considered quite good at compiling the report but still needs improvement in human resources. It would be better if relevant employees prepare the information. It is also following a previous study by Darwanto (2017), who found that the quality of human resources can be an obstacle in developing a business.

The Control and Supervision

Control aims to ensure that the results of activities are following the planning (Hendrojogi, 2012). Based on the managerial and administrative point of view, Tomira has got a reliable control system. It is based on Tomira's store management that still uses Alfamart management. Besides, the quarter, annual, or daily reports can be accessed by cooperatives through the systems provided by Indomaret and Alfamart. Thus, control of daily performance can be carried out in real-time. This control is

intended as a basis for financial and accounting evaluation of company performance (Seifzadeh & Rowe, 2019).

One of the aspects of control is the SOP or standard operating procedure. Tomira has not set a complete SOP as some still rely on the previous SOP used by the modern store in managing the business. The collaboration between trendy shops and cooperatives enables Tomira to use the SOP.

"There is an SOP, but in this case, the cooperative does not interfere with it because it is the authority of the modern shops. SOP related to the sales system and employee payroll system is under Alfamart's authority, not the cooperatives." (Informant 1)

On the other hand, the cooperative directly control the quality of MSME products displayed in the store. Based on product quality control, Tomira carries out stringent rules to encourage MSME products (dominated by snack products) to compete with similar manufactured products. If Tomira and MSMEs keep their consistency in maintaining or improving product quality, then the management of potential sales will be optimum.



Figure 4. The planning process

In Tomira, budgeting is allocated to several strategic programs that reflect Tomira's characteristics, including product selection programs, product screening programs, and MSMEs development programs. Another program being implemented is the MSMEs sales performance recording system design program. The budgeting is

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divided into these program posts. The allocation of financial resources will improve Tomira's performance as an economic entity with more concern for MSMEs in Kulonprogo.

In the recording, of course, it is necessary to make adjustments to the recording system. Suppose a program that encourages the existence of MSME products in Tomira (product selection and selection and MSMEs development) is enough to record cash inflows and outflows. In that case, programs related to the sales performance of MSMEs products to consumers must have a different recording system, namely by creating an income statement.

The reporting system in Tomira can be classified into two types. First, reports show the use of budgets in programs that encourage the existence of MSME products in Tomira. Second, reports indicate the sales performance of MSME products to Tomira, namely the income statement on the sales of MSME products. This report illustrates the total volume and price of MSME products sold, the cost of goods acquired, and the profits generated from the selling activities of MSME products. With this report, management can find out the sales performance of each UMKM product to become the basis for management for procurement policies for each UMKM product in the future. The reports made by Tomira can be a means of monitoring, controlling, and evaluating the effectiveness of budget absorption. Furthermore, the reports used by management are a tool used to provide feedback for the budget formulation process in the future and build Tomira policies, both at the tactical and strategic level.

CONCLUSION

Based on the results, it can be concluded that financial management in Tomira is good but less optimal because it has not fulfilled some aspects of planning, recording, reporting, and controlling. It becomes an obstacle in the development of Tomira, especially in terms of financial management. It is expected that Tomira can pay more attention to those aspects to have more effective and efficient financial management. Therefore, it can improve the finance, MSMEs, and welfare of the cooperative members.

This study has some limitations as it is only limited to Tomira in Kulon Progo, which is different from modern stores in other areas. Therefore, the results of this study cannot be generalized in different contexts. Further, the respondents are quite limited even though they have been selected based on some criteria such as the number of turnover and MSMEs partners. Therefore, future studies are expected to increase the number of samples by using other criteria.

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