

## The Influence Of Financial Management Training For Micro, Small And Medium Enterprises In Padang Sakti Lhokseumawe

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### ABSTRACT

As micro, small and medium entity (EMKM) business actors, we should be proud, because EMKM in Indonesia contributes to economic growth with an achievement of 60%. Especially during the COVID-19 pandemic like now. EMKM can be one of the hopes for reducing the number of unemployed in Indonesia, as well as opening up new job opportunities. The first important role of EMKM is as a means of alleviating small communities from poverty. The main reason is the high rate of employment by EMKM. EMKM also has a very important role in the economic distribution of society. In contrast to large companies, EMKM has locations in various places. High attention must be given to these EMKM actors as a manifestation of the government in supporting the economy of the common people. Moreover, EMKM is able to have a direct impact on people's lives in the lower sector to improve people's welfare. MSME development is one of the government's efforts to expand business opportunities for new entrepreneurs so that they are able to compete in services and trade. Higher education as a formal institution is expected to act as a source of learning and give full attention to EMKM as a form of partnership in developing science and technology. The role of tertiary institutions is not in providing capital but rather in fostering the ability of small industries so as to encourage the ability of small industries to access capital and business management. EMKM business development and training in this program will be carried out in one of the villages in Muara Satu District, precisely in Padang Sakti village, as one of Malikussaleh University's fostered villages. This activity is expected to increase the entrepreneurial spirit, train skills in managing a business and is expected to have a direct impact on the management of EMKM management to improve welfare in the future.

**Keywords:** *Entrepreneurship, Micro, Small and Medium Enterprises, Business Marketing and Management.*

## 1. INTRODUCTION

The development of the business world is currently moving rapidly, along with the era of globalization, making competition between businesses very high. One of the company's goals to be achieved in its business activities is to survive by generating profits. The goals between one company and another are definitely different, but in general every company wants to get the maximum profit so that it can maintain its viability and all company activities can take place properly [1]. The following are some of the problems in EMKM businesses:

### 1.1. Increasing EMKM Entrepreneur Resources

EMKM entities are business units that are able to absorb quite a lot of workers in Indonesia today. The development of EMKM competitiveness is currently heavily influenced by various factors such as technology, finance, and production processes, and the most important source is employees with intellectual capital/assets, skills, creativity and information [2]. Companies or EMKM that have employee capital with large intellectual/assets, the faster these EMKM will progress and develop. Human resource management is about the management of the workforce or employees of an organization or company.

Labor is obtained through activities in the field of recruitment, selection, assessment and compensation. Furthermore, the workforce or employees must be regulated by assigning tasks and responsibilities that have been determined and communicated. To ensure that employees have the knowledge and skills needed, training activities and development activities are needed. Such activities can affect work and organizations or companies [3].

EMKM really needs workers or resources who have the knowledge and skills so that EMKM must carry out the recruitment and selection stages that are good and right. EMKM entrepreneurs must conduct and improve HR to

be able to create quality human resources, and have high creativity, and build the independence of the Nation by encouraging local business actors to be involved in local and foreign markets in the current digital era [4].

### ***1.2. EMKM Business Competition Facing local and international company competition***

The development of Micro, Small and Medium Entities (EMKM) in Indonesia is currently increasing. The increase in EMKM in the business world shows that this business is able to maintain its business in business competition, for example during the 1998 economic crisis. This explains that the economic crisis in Indonesia in 1998 prompted the government to develop EMKM. The development of EMKM was encouraged by the Government of Indonesia because this sector succeeded in creating jobs and increasing the Gross Domestic Product (GDP) [5].

The successful development of EMKM is useful for facing high competition in the current of globalization so that EMKM must be able to face global challenges.

This needs to be done to increase the selling value of EMKM. EMKM entities also played a role in driving the pace of economic growth after the 1997 monetary crisis when large companies experienced difficulties in developing their businesses. At present, EMKM has made a major contribution to local revenues and Indonesia's state revenues. EMKM is a form of community small business whose establishment is based on someone's initiative.

Most people think that EMKM only benefits certain parties. Even though EMKM actually plays a very important role in reducing the unemployment rate in Indonesia [6]. The ability of MSMEs to compete in the era of free trade, both in the domestic market and in the export market, is largely determined by two main conditions that need to be met. First, a conducive internal environment for MSMEs, including aspects of HR quality, mastery of technology and information, organizational structure, management systems, business culture/culture, capital strength, business networks with outsiders, and the level of entrepreneurship. Second, the external environment must also be conducive, which is related to government policies, legal aspects, market competition conditions, socio-economic conditions, infrastructure conditions, the level of public education, and changes in the global economy. EMKM has limitations in various ways, including limitations in accessing market information, limited market reach, limited work networks, and limited access to strategic business locations. For this reason, efforts are needed to increase EMKM's access to market information, business locations and business networks so that their productivity and competitiveness increase.

### ***1.3. EMKM Business Training and Development***

Local governments as well as from the central government to increase the number of EMKM in various provinces in Indonesia through continuous EMKM training will be able to increase the competitiveness of EMKM businesses. Productivity can be increased, not a few indeed EMKM actors who were previously independent business actors. However, through EMKM training it is hoped that these business actors can increase productivity by increasing skills in the production process as well as by increasing managerial. It is hoped that by increasing skills in the production process, it is also possible to increase productivity.

## **2. PURPOSE**

Based on the initial survey that was conducted in 1 (one) Padang Sakti village in Muara Satu District, Lhokseumawe City, it is known that the root causes of the EMKM business in the village are as follows: 1) Many EMKM businesses located around the Bukit Indah campus, Malikussaleh University, have not managed their business properly; 2) Businesses such as stalls, canteens, grocery stores, rice stalls, and other businesses need to be given entrepreneurship and business management training to be able to increase sales and be able to compete; 3) The average business is managed by women, as an effort to increase family income. This program will provide training that emphasizes economic empowerment, especially for mothers working in the EMKM sector; 4) Capital is a thing that hinders the development of EMKM businesses, so we will conduct good financial management training and be able to compile/make financial reports so that EMKM businesses can apply for financing from Islamic Finance or Islamic banking.

Based on the problems mentioned above, through this service program training will be conducted on Entrepreneurship and Financial Management Training for Micro, Small and Medium Enterprises in Padang Sakti Village.

### **3. METHOD**

The solutions offered to partners to overcome partner problems are as follows:

#### ***3.1. Entrepreneurship Training***

This program aims to form an entrepreneurial mindset and help EMKM or prospective entrepreneurs to develop their businesses. In the training, participants are encouraged to have the courage to directly implement their ideas and then learn directly from experience when realizing their ideas. This training is not only theoretical or class material, but lots of direct practice in a structured process. This training is carried out by related lecturers where participants have the opportunity to ask questions, ask for input both in the training process and during the incubation period. After the entire process of this program has been completed, participants still have the opportunity to continue to develop themselves in an entrepreneurial ecosystem that has been specially formed for all participants.

#### ***3.2. Market Discovery and Creation of Featured Product Offerings***

The goal of a business is to solve its customers' problems. Therefore understanding the needs and behavior of targeted consumers is very important. Lots of businesses fail because they don't understand the needs of their customers and fail to be a solution to the problems faced by their customers. In the Market Discovery topic, participants are taught how to be able to understand their customers in a structured way and then make products/offers that are really needed by consumers.

#### ***3.3. Finance and Funding***

Lots of business institutions are forced to close because they run out of cash in the middle of the road and fail to plan their finances properly. Even though capital is not the most important thing, failure to manage finances will only make the business unable to survive through difficult times. On this topic, participants will be taught how to plan finances, plan cash flows, determine the right price and ultimately how to project finances to be able to convince investors or make bank loans. With a more structured financial planning, it is hoped that participants will be able to predict all financial risks that will occur, so that participants can make a financial strategy from the financial planning that has been made.

#### ***3.4. EMKM Business Assistance***

After attending the training, participants will be accompanied for two months. This is done as assistance for participants who have difficulty realizing what they have been trained in their business. Participants can ask questions directly to the mentors and will be assisted, and in the process will continue to be monitored by activity implementers through the Malikussaleh University Business Incubator Centre.

#### ***Target***

The target of this community service is that community group partners in the small business sector as the main sector of the Padang Sakti village economy are still not able to provide prosperity for most of its citizens. The development of IKM centers is the target in this community service activity.

#### ***Location of Activities***

This community service activity was carried out in Padang Sakti Village, Muara Dua District, Lhokseumawe City as one of the fostered villages of Malikussaleh University.

### **4. RESULTS AND DISCUSSION**

#### ***4.1. Implementation of Activities and Results***

Community service activities are carried out involving several parties who synergize for the success of the activity. Each party plays a role in a series of activities, both in the room and in the field. The parties involved include:

- 1) The service team, has a role in designing the concept of activities, controlling, providing material and ensuring the activities run well.
- 2) Students play a role in building communication with the community, assisting and monitoring the implementation of community service activities.

3) Village leaders or geuchik play a role in providing motivation and encouraging the community to be able to play a role and participate in this activity.

4) EMKM business actors, which consist of various business sectors including trade, services, and production business. Many of the problems faced by them, of course, can be revealed when training and counseling are carried out. The involvement of several parties has a good influence on the implementation of activities. The implementation of these activities had a good influence on participants to increase motivation and enthusiasm in entrepreneurship for the people of Padang Sakti Village.

This activity was carried out using the pattern of adult education, namely counseling accompanied by examples and field practice. There are three problems that are given content by the service team to the EMKM Business group, namely:

- 1) Strengthening knowledge of business motivation, including business introduction, marketing and service.
- 2) Strengthening knowledge about business registration, including the process of recording and identifying cases and discussing cases according to the type of EMKM business.
- 3) The service team is assisted by accounting students who also provide examples and direct practice in the field. So that what is heard can be done and repeated in practical activities.

#### **4.2. Influence and Impact**

This activity is carried out in an integrated manner, namely by conducting a preliminary survey and indoor training activities. Material on Entrepreneurial Mindset is a very important topic that is conveyed to EMKM business actors in Padang Sakti Village, this effort is made so that most successful entrepreneurs have a very strong entrepreneurial mindset. In the topic of entrepreneurial mindset, EMKM actors are directed to think and act like successful entrepreneurs. The marketing problem of a business is solving customer problems. Therefore, understanding the needs and behavior of targeted consumers is very important. Lots of businesses fail because they don't understand the needs of their customers and fail to be a solution to the problems faced by their customers. In the Market Discovery topic, participants are taught how to be able to understand their customers in a structured way and then make products/offers that are really needed by consumers. A good product will not be well received by the market, if we fail to communicate our product properly to the market.

The topic of Marketing and Branding will train participants to be able to design marketing strategies, build brands, understand how to sell products and how to apply online marketing to market production. Lots of businesses are forced to close because they run out of cash in the middle of the road and fail to plan their finances properly. Even though capital is not the most important thing, failure to manage finances will only make the business unable to survive through difficult times. On this topic, participants will be taught how to plan finances, plan cash flows, determine the right price and ultimately how to project finances to be able to convince investors or make bank loans. With a more structured financial planning, it is hoped that participants will be able to predict all financial risks that will occur, so that participants can make a financial strategy from the financial planning that has been made.

### **5. CONCLUSION**

From the results of the implementation of community service in Padang Sakti Village, Lhokseumawe City, it can be concluded that the team from Malikussaleh University consisting of Lecturers and Students have carried out training, counseling and assistance to micro-enterprises in Padang Sakti Village in an effort to provide innovation and development of good IKM in terms of management, production techniques and marketing techniques.

With this community service activity, these small business actors can improve the quality of business production. The problems faced by partners before this community service activity can be resolved after this community service activity.

For the success of this activity it is necessary to have ongoing monitoring, evaluation and assistance, so that partners remain enthusiastic in running their business and this business continues to grow.

### **ACKNOWLEDGMENTS**

Thank you to the Rector and LPPM of Malikussaleh University who have supported funding for this activity from the Non-Tax State Revenue budget or PNBK of Malikussaleh University.

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