

Development of the Incense Business Group through Business Management in Angantaka Village, Abiansemal, Badung

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ABSTRACT

The MSME sector is expected to become a new source of national economic strength during crises. To achieve this, the government should focus on human resources and management. Limited innovation within SMEs has led to stagnant growth, and financial issues often hinder productivity. One community service project is the Suputra herbal incense SME in Angantaka Village, Abiansemal, located 11.2 km from Universitas Warmadewa. According to Mrs. Ayu, the main challenge is limited business management capabilities. A lack of business management knowledge impedes growth. The partnership program aims to increase sales and improve financial practices through three activities: financial management assistance, production management, and creating a product catalog. The results show structured bookkeeping, reduced errors, enhanced management efficiency, and the development of a product catalog.

INTRODUCTION

The incense market in Bali is characterized by its robust demand, driven by daily consumption among both locals and tourists alike. This continuous demand has spurred ongoing innovations in incense production, notably the introduction of herbal varieties. Among these innovations, Suputra Herbal Incense, crafted by Micro, Small, and Medium Enterprise (MSME) based in Angantaka Village, stands as a prominent player. This particular incense distinguishes itself by its composition of pure wood powder, entirely free from synthetic additives such as fragrances. Its gentle and distinct aroma not only caters to environmental sustainability but also lends itself well to diverse uses, including aromatherapy, yoga sessions, religious rituals, meditation practices, and general ambiance enhancement.

Moreover, the production of Suputra Herbal Incense aligns with sustainable practices, reflecting a commitment to natural sourcing and eco-friendly manufacturing processes. This approach not only meets the growing consumer preference for environmentally conscious products, but also positions the incense as a premium choice in the market. As such, the MSME behind Suputra Herbal Incense not only meets consumer demands but also contributes to the local economy by promoting sustainable practices and enhancing product quality and diversity. In addition to its aromatic qualities, Suputra Herbal Incense serves as a cultural ambassador, embodying the rich traditions and spiritual practices of Bali. Its use in daily rituals and ceremonies underscores its cultural significance, further enhancing its appeal among both domestic and international consumers seeking authentic and spiritually enriching experiences.

MSMEs, defined as trade businesses managed by individuals or entities engaging in productive economic activities as per Undang-Undang Nomor 8 Tahun 2008, have demonstrated resilience during economic crises. This resilience underscores the importance of supporting and strengthening MSMEs (Amalia, 2020). Mrs. Ayu, a key figure in Suputra Herbal Incense, highlights that their incense, free from chemical additives, does not cause respiratory issues, unlike other incense with chemical fragrances. Additionally, the ash produced is not hot to the touch, making it safer to handle. The use of non-chemical herbal ingredients, a practice they have maintained since starting production in 2017, offers health benefits by facilitating easier breathing. Despite these advantages, field observations have revealed several operational challenges. Mrs. Ayu faces inefficiencies due to manual transaction recording, which hampers effective financial management. The business lacks organized financial records, including separate tracking of cash inflows and outflows, production costs, and profit/loss calculations. Moreover, there is no existing product catalog to aid in marketing efforts. The prevalent issue today is that business practitioners tend to prefer conventional methods despite being aware that technology can enhance business efficiency (Martadiani et al., 2021).

Research by Bismala and Susi (2014) suggests that the development of MSMEs requires adopting comprehensive business management models encompassing production, human resources, marketing, and financial management. Furthermore, these models should incorporate performance measurement criteria to enable business owners to monitor progress and conduct evaluations (Tahwin et al., 2019). Discussions with Mrs. Ayu also revealed a significant gap in the use of technology within the production process. Most of the production is performed manually, which limits the production capacity and efficiency. Addressing these issues through enhanced business management practices and technological integration is essential for the sustained growth and competitiveness of Suputra Herbal Incense in the burgeoning Bali incense market.

Based on the challenges faced by the MSME partner, it is evident that community service activities with herbal incense business partner in Angantaka Village are crucial. The primary objective of these activities is to enhance the partner's capabilities in various aspects of business management, including financial management, accounting, and production management. By focusing on these areas, the community service aims to address the identified inefficiencies and operational gaps, thereby enabling the partner to achieve sustainable growth and improved productivity. Financial management training will equip the partner with the skills to maintain accurate financial records, separate personal and business finances, and perform profit/loss calculations. Accounting support will ensure that all financial transactions are documented correctly and systematically, facilitating better financial planning and decision-making. Production management training will introduce more efficient methods and potentially incorporate technological solutions to increase production capacity and reduce manual labor. This holistic approach to business management is designed to create a more structured and effective business operation. The community service activities align with the strategic plan of the LPM Universitas Warmadewa, which aims to develop tourism through a local economic approach. By supporting local businesses like Suputra Herbal Incense, the program not only fosters economic development within the village but also contributes to the broader goal of enhancing the local tourism sector. Strengthening MSMEs in this way ensures they can offer high-quality, locally-produced goods that appeal to tourists, thereby boosting the village's economic resilience and attractiveness as a tourist destination.



Picture.1 Products Produced by Suputra Herbal Incense SME

IMPLEMENTATION AND METHODS

The location for this community service activity is at Jl. Sahadewa No.54, Angantaka, Kec. Abiansema, Kabupaten Badung, Bali. The implementation focuses on partner involved in the herbal incense business. The methods employed include observation and interviews, lectures, and assistance.

1. Observation and Interview Method

Before the community service program is implemented, in-depth observations and interviews are conducted with partner to identify their problems, prioritize these issues, and discuss appropriate solutions. This method aims to accurately identify the partner's problems according to their business needs and capabilities, fostering their role in designing, implementing, and being accountable for the provided program. These methods are applied continuously to identify priority issues that need addressing.

2. Lecture Method

The lecture method is used to enhance business management for the incense business by focusing on three main areas of financial management: funding, investment, and asset management. These areas are interrelated and must be considered comprehensively. The expected outcome of the business management training is improved business management practices. The achievements of this community service include:

- a. business owners understanding business feasibility analysis with break-even points and market potential,
 - b. business owners gaining knowledge to optimize profits, and
 - c. business owners being able to analyze financial performance.
3. Assistance Method

The assistance method is used to implement accounting systems. An accounting system can improve efficiency and effectiveness in planning profits. Assistance in creating a product catalog is also provided to enhance sales and increase the market share of the incense MSME.

RESULTS AND DISCUSSION

Based on the three priority issues addressed with the partner, the steps taken to provide solutions to these specific problems can be outlined as follows: The first step (picture 2) involves assisting the business in recording transactions according to an accounting system. Business owners are provided with pre-formatted books tailored to their needs. The goal is to facilitate the calculation of the cost of goods sold and profit planning.



Picture.2 Assisting the Business in Book-Keeping

The second step (Picture 3) includes conducting business management lectures. This training introduces business owners to sources of funding, the use of funds (investment), and asset management. Business owners are educated on financial analysis, investment analysis techniques, and asset management analysis. Funding analysis involves selecting sources of funding, whether from external sources (debt) or internal sources (equity). Investment analysis assesses the feasibility of current and prospective businesses using techniques such as net present value (NPV) and break-even point (BEP) analysis.



Picture.3 Business Management Lectures

The third step (picture 4) involves training on creating product catalogs as promotional media, both online and offline, to increase sales and market share. Business owners are given the opportunity to express their challenges and constraints. Addressing unhealthy competition requires businesses to provide products that meet customer needs and to proactively seek information and innovate.



Picture.4 Product Catalogs

The final step (picture 5) involves providing business owners with books and production equipment, such as an electric mixing machine. This machine replaces manual mixing, speeding up the production process and increasing production capacity. Modern production equipment, as noted in previous research by Sudiarmo & Kusumawardani (2018), can significantly enhance production capacity.



Picture 5. Delivery of Production Equipment

The objective of the Community Partnership Program is to improve the business management skills of herbal incense MSMEs. The social impact is to enhance the role of MSMEs in supporting Bali as a tourist destination. Economically, the program aims to improve the welfare of MSME owners, employees, and the community. The community service team also donates production equipment, including books and an automatic mixing machine. This machine increases production capacity, leading to higher production volumes, sales, and profits. The community service activities are supported by all partners, including the owners and employees of the herbal incense business. The enhancement of business management skills provided by the Community Partnership Program is crucial for MSMEs to thrive in a competitive market. By offering training and resources, the program empowers business owners to implement more efficient practices, ultimately leading to increased productivity and profitability. This support not only aids individual businesses but also contributes to the overall economic growth of the region. Moreover, the emphasis on improving management skills ensures that the benefits of the program are sustainable and long-lasting.

Furthermore, the provision of advanced production equipment, such as the automatic mixing machine, represents a significant technological upgrade for these businesses. This equipment not only streamlines the production process but also enables MSMEs to meet higher demand and expand their market reach. As production volumes rise, so do sales and profits, which in turn enhance the economic stability of the community. The collaborative effort between the community service team and the local businesses fosters a sense of unity and shared purpose, reinforcing the social and economic fabric of Bali's tourism sector. The contributions of partner to the community service activities are detailed in Table 1.

Table.1 Benefits and Contributions of Partner in the Activities

Solutions offered	Benefit	Partner Contributions
Assistance in compiling bookkeeping using accounting system	Herbal incense entrepreneurs are able to accurately calculate cost prices and maintain proper bookkeeping.	Partner are willing to be accompanied for 3 months and monitored at the end of each month
Business Management Training	The partner is now capable of managing their business more effectively. Specifically: (1) The partner understands business feasibility analysis, including break-even points and market potential. (2) The partner has gained knowledge on profit optimization. (3) The partner can analyze financial performance.	The partner provided the venue, assisted with preparations, offered refreshments, and actively participated in the lectures with enthusiasm.
Product Catalog Assistance	The partner is now able to create a product catalog for promotional purposes, both online and offline, which helps increase sales and market share of the incense	The partner prepared all necessary equipment, and participants followed the training with enthusiasm.

Observations indicate that the Suputra herbal incense business has significant development potential due to tourism and cultural growth. Business owners should begin by implementing product innovation strategies, enhancing the shape, aroma, benefits, and packaging of the herbal incense. Additionally, adopting an accounting system for transaction recording will facilitate price determination and profit planning. Marketing strategies should include online promotion with a current product catalog. These development steps should be tailored to the business's managerial and financial capabilities.

CONCLUSIONS AND RECOMMENDATIONS

Community service activities through training and mentoring have had a positive impact on the herbal incense business operators. The assistance in bookkeeping with an accounting system has proven beneficial for accurately determining the cost of goods sold. Business owners now possess the skills to properly record their transactions according to the accounting system, enhancing their ability to manage their businesses effectively. Accurate bookkeeping also serves as a prerequisite for applying for credit when additional capital is needed. The business management training provided to herbal incense business owners has equipped them with an understanding of funding analysis, investment analysis techniques, and asset management analysis. Funding analysis involves selecting sources of funding, whether from external (debt) or internal (equity) sources. Investment analysis pertains to evaluating the feasibility of both prospective and ongoing businesses using techniques such as net present value (NPV) and break-even point (BEP) analysis. Additionally, asset management evaluation is based on the resulting financial performance, which can be measured using ratio analysis techniques, including liquidity, solvency, activity, and profitability ratios. Effective business management in the herbal incense industry requires a comprehensive approach, considering the interconnected aspects of funding, investment, and asset management.

The achievements of this community service initiative include:

- 1) Business owners now understand business feasibility analysis, including break-even points and market potential.
- 2) Business owners have gained knowledge on profit optimization.
- 3) Business owners can analyze financial performance.

To compete healthily, it is recommended that the herbal incense MSMEs in Angantaka Village form a community for collaboration. This will facilitate access to information about products and other issues related to managing the herbal incense business, thereby fostering healthy competition. The herbal incense partner must adopt creative strategies to produce products that meet consumer preferences.

Based on the results of this community service activity, it is suggested that herbal incense business operators enhance their business management skills, maintain accurate bookkeeping for all transactions, and keep abreast of information technology developments, adapting them according to their management capabilities. The program's results indicate that, following the mentoring activities, the partner were able to create product catalogs, facilitating product marketing both offline and online, and their financial records became more structured, reducing errors in the financial recording process.

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