

Financial Management of MSMEs in Central Lombok Tourism Village

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ABSTRACT

The research entitled "Financial Management of MSMEs in Central Lombok Tourism Village" aims to analyze how to manage the finances of MSMEs in Central Lombok Tourism Village and to find out the challenges faced by MSME actors in Central Lombok Tourism Village. This research was conducted in Central Lombok, Pujut area. This research uses a qualitative descriptive approach method. The data collection technique used observation, questionnaire dissemination, and direct interviews with resource persons other sources of books and journals to support research. The number of respondents in this study is 35 MSME business actors in the central Lombok tourist village, Pujut area. This study concludes that the financial management of MSMEs in Central Lombok Tourism Village still needs to be improved, especially in the financial recording that has been eroded. From the results of the research that has been carried out, it can be explained that MSME actors in the tourist village of Central Lombok carry out financial management and planning. However, in simple terms, other MSME actors do not carry out financial management because there is still a lack of knowledge related to financial planning and management. In addition, MSMEs in Central Lombok Tourism Village still do not know about accounting so to run MSMEs, they do not record or make financial reports.

INTRODUCTION

Since the last few decades, micro, small, and medium enterprises (MSMEs) have been the focus of attention in various economic policies, both at the national and international levels, including in tourist areas such as Central Lombok, and Pujut District. MSMEs in the area are generally engaged in the tourism sector, both as handicraft producers, tourism service providers, and culinary businesses. MSMEs have an important role in creating jobs, increasing income, and supporting overall economic growth. This is based on research conducted by (Jefri Anwar, Baiq Anggun Hilendri, & Rini Ridha Wati, 2023). With the number of MSMEs, residents will have more job opportunities around these tourist destinations. On the one hand, the expansion of MSMEs will have an impact on the progress of the tourism sector.

MSMEs in tourist villages play an important role in supporting the local economy. Central Lombok, especially the Pujut area, has diverse tourism potential, ranging from beaches, mountains, and homestays to the uniqueness of Sasak culture. There are 4 tourist villages in the Pujut part of Central Lombok, namely: one (1) Meretak Village, two (2) Sasak Ende Village, three (3) Kuta Mandalika, and four (4) Sade Village. Of the four tourism villages, they have tourism potential that attracts the attention of tourists both from within and outside the country and can grow tourism economic activities that improve the welfare and empowerment of the local community. With this tourism potential, it encourages the development of MSMEs in the area. According to research conducted by (Eljawati, 2021). Micro, Small, and Medium Enterprises are businesses that have a fairly high role, especially in Indonesia which is still classified as a developing country. With the number of MSMEs, residents will have more job opportunities around these tourist destinations. On the one hand, the expansion of MSMEs will have an impact on the progress of the tourism sector, with the availability of various culinary, homestays, and souvenirs. This can increase the interest of tourists to visit the tour. Based on the results of the survey of the research locations of the 4 tourist villages, there are 35 MSMEs spread across the area. The existence of this tourism potential encourages the development of MSMEs in the area because MSMEs are often an integral part of the tourism ecosystem.

MSMEs in the tourism sector often face challenges in managing finances such as lack of access to financing, lack of understanding of financial management, and limited access to capital. This is based on the results of the observation of MSME actors in the central Lombok tourism village, several MSMEs are doing financial management, but it is still simple, as seen from financial records by setting aside money into monthly cash. Some MSMEs also have not done financial planning and management and they still do not understand how to manage finances properly. Financial management is very important for micro, small, and medium business actors so that their business can run well, if a business does not have good financial planning and management, this will make business owners confused in making decisions, which can later hinder the progress of their business (Aulia Latifatul Afifah, Baiq Anggun Hilendri Lestari, & Lalu Takdir Jumaidi, 2021). Based on the

description above, the author is interested in researching how to manage the finances of MSMEs in Central Lombok Tourism Village. This research is expected to make a positive contribution to improving the financial performance of MSMEs and supporting the development of tourism in the area.

THEORETICAL REVIEW

Financial Management

Financial management is the management of financial activities in an organization. Financial management concerns business planning activities, cash management, and financial activity control (Nurwahid et al., 2021). The purpose of financial management is to maximize income (profit) and minimize costs/expenses for maximum decision-making in running a business to continue to grow or create business continuity (Irfani, 2020). The existence of a financial management process in a business to be effective and efficient in the use of business funds. Effective financial management can be assessed from the extent to which a business can maximize its success in achieving targeted goals (Anwar et al., 2023). So financial management or financial management must be planned to avoid financial problems in the future (Dewi et al., 2022)

MSME Financial Management Process

According to Kuswadi (2005), financial analysis is the foundation of finance, which 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. Financial management includes:

1. Planning

Is an activity to determine the goals of the organization and choose the best way to achieve these goals (Himmah Mu'minah, 2019). Financial planning is a strategy that prepares personal and business funds for planned implementation. This concept is built around the achievement of goals over a certain period as a guide (Dewi et al., 2022.). According to Kuswadi (2005) in his research Himmah Mu'minah, 2019 states planning activities in finance, one of which is formulating annual and long-term financial goals, as well as financial budgets. A budget is a plan made by a company and communicated in monetary form (Anggraini, 2011). The budget is useful as a tool in achieving the goals of the company, namely to obtain profits or profits. In general, financial planning is divided into 2 types, namely: one (1) short-term financial planning, companies usually prepare a variety of plans and budgets. Some of them include sales plans, production plans, cost plans, cost budgets budgeted income statements, and balance sheets, these budgets are essential to anticipate the future in advance. Two (2) long-term financial planning, long-term financial planning by using certain financial models can improve the company's financial position if financial decisions are taken (Suad Husnan and Eny Pudjiastuti, 2006:96).

2. Recording

Financial records are used to report transactions that occur on a daily, weekly, and monthly basis. The results of these records serve as financial statements for

your business. This report serves as a reference to review the business situation (Dewi et al., 2022). Record-keeping starts with the collection of documents that support transactions such as receipts, invoices, etc. Which is then recorded in a record usually called a journal and then posted to the ledger. However, in small businesses, it is usually only done to make simple records as a reminder that a transaction has occurred.

3. Reporting

Reporting is the next step after posting to the best book and the auxiliary ledger. Posts in the general ledger and auxiliary ledger will be closed at the end of the month before they are moved to the financial statement overview as the basis for preparing financial statements. Types of financial statements include Cash Flow Reports, Profit and Loss Reports, and Financial Position Reports.

4. Control

Control is the process of measuring and evaluating the actual performance of each part of the company so that it is possible to make improvements if necessary. Control is carried out to ensure that the company can achieve the goals that have been set. The types of Control are initial control, running control, and feedback control (Adefathullah, 2023)

The Importance Of Financial Management

A person's ability to manage finances is very important for business success. Therefore, knowing the good and correct management of financial statements is very important for individuals or business actors in managing financial statements (Novi Yushita Amanita, 2017) According to Cashmere, the function of financial management is divided into 4 functions, namely: 1) Forecasting and planning finances This activity aims to predict conditions that will occur in the future that may or may not have an impact on the achievement of the company's goals. After forecasting, a financial management plan will be prepared. 2) Capital, investment, and growth decisions in financial management function to raise the necessary funds, both short-term and long-term (investment), and can determine the company's growth in sales. 3) Controlling the financial management function as a controller in the company's operations, so that the company can run efficiently, by the plan that has been made. 4) Relationship with the capital market Financial management is used as a link between the company and the capital market so that the company can look for various alternative sources of funds or capital.

So MSME actors are advised to understand and know how to manage finances starting from the basics, such as the financial records of a business (Anwar et al., 2023). By understanding the importance of good financial management, an increase in profits can also be planned. Increasing profits can help the development of MSMEs better and can be a useful solution to economic problems in Indonesia (Ossi Ferli et al., 2023)

Micro, Small and Medium Enterprises (MSMEs)

Following Law Nomo2 20 of 2008 concerning Micro, Small, and Medium Enterprises (MSMEs) in the research of (Aprianda et al., 2022.). MSMEs are defined as follows: one (1) Micro Enterprises are productive business

enterprises owned by individual persons and/or individual business tires that meet the micro business criteria as regulated in this law, two (2) small businesses are independent productive economic enterprises, which are carried out by individuals or business entities that are not subsidiaries or branches of the company owned, controlled, or become part either directly or indirectly of a medium or large business that meets the criteria for small businesses as intended in this Law, and three (3). Medium Enterprises are independent productive economic enterprises, carried out by individuals or business entities that are not subsidiaries or branches of companies owned, controlled, or part of either directly or indirectly. So MSMEs are productive businesses owned by individuals and business entities that have met the criteria as micro businesses. The characteristics of MSMEs based on the Ministry of Cooperatives and SMEs (2023) explained that small Enterprises (UK) including Micro Enterprises (UMI) are business entities that have a net worth of Rp. 200,000,000, excluding land and buildings where they are doing business and have annual sales of at most Rp. 1,000,000,000. Meanwhile, Medium Enterprises (UM) are business entities owned by Indonesian citizens with a net worth of more than Rp. 200,000,000 up to.d. Rp. 10,000,000,- excluding land and buildings.

METHODOLOGY

This research approach uses a qualitative approach method. Qualitative research methods will produce descriptive data, namely through research procedures that produce data in the form of written or spoken words from people and observable behaviors such as observations and interviews. This research was conducted in the Central Lombok Pujut Tourism Village. Data was obtained using interviews and distributing questionnaires containing questions. The population and sample in this study are MSME actors in the tourist village of Central Lombok in Pujut which totals 35 MSME businesses. Data analysis techniques use descriptive analysis.

RESEARCH RESULTS

This research was carried out in the central Lombok tourism village, especially in Pujut village. In Pujut Village, four tourist villages are the place of research, namely 1) Cracked Tourism Village, 2) Kuta, 3) Sade Village, and 4) Sasak Ende Village. Research data was obtained from the distribution of questionnaires and open interviews with MSME actors in the central Lombok tourism village. Based on the data obtained from the distribution of questionnaires and open interviews with MSME actors in the tourist village of Central Lombok, especially Pujut, these MSME actors have carried out simple financial management, it can be seen from the recording that this is because knowledge related to financial management and the concept of financial management is still poorly understood by most MSME actors. The benefits of financial management have a great impact on the business activities carried out. Financial management and business development are important for MSME owners because MSME businesses whose finances are managed and informed

transparently and accurately have a positive impact on the MSME business itself (Jefri, et al., 2023).

Financial management is very important in a business with management can help solve business finance problems. Based on the results of observations, questionnaires, and interviews, MSME actors in tourist villages carry out financial management and planning, but simply, while other MSME actors do not carry out financial management because there is still a lack of knowledge related to financial planning and management. Accounting knowledge is also still very minimal so their MSME actors do not record or make financial reports.

DISCUSSION

In general, MSMEs in the tourist village of Central Lombok Pujut are in the tourist village cracking apart from the data on the distribution of the questionnaire, 5 MSMEs do not carry out financial planning and management, they think that in establishing a business they do not need planning, which is important, their business runs smoothly every day. They are also still not familiar with accounting so they do not have to record financially. In the results of the interview, there were 3 other MSMEs doing financial management but it was still a simple thing. This was conveyed by one resource person who is engaged in the coffee shop business said:

"Our business is to manage finances but still simply. We just record expenses and income. We also do not make financial reports." The second resource person who is engaged in the Homestay lodging business stated "Our Planning and Management already exists but still needs to be improved. We record each transaction and manage operational budget expenditures using budget plans". Resource person 3 who is engaged in the food stall business stated: "We have done financial management, recorded every expense and income transaction and set aside for future needs, but not for long. Because I think it's the same whether to make it or not."

Based on the findings of this study, MSMEs in tourist villages cracking down in central Lombok found that 5 MSMEs did not manage them. Finance and 3 MSMEs carry out financial management. The financial management carried out by the 3 MSMEs includes: conducting simple financial records that are not by accounting rules by only recording income and expenses.

In Kuta Tourism Village, based on the results of the questionnaire distribution, there are 20 MSMEs where the majority of souvenir businesses do not carry out financial management, they do not think too much about financial planning and management, so they do not carry out financial management. However, there is one resource person who manages but it is the same as the resource person in the cracked tourism village who does financial management but it is still simple. This is based on the results of interviews with handicraft MSMEs in pottery making who said:

"My financial management is there, I record every expense and income only. And the income I get I save for my child's needs in the future". From the results of the distribution of questionnaires and interviews, most of the MSMEs in this village still do not carry out financial management, but there is at least one

MSME that carries out financial management for long-term purposes by saving from the results of business income obtained and managing finances by recording every expense and income, just like the previous speakers, MSMEs in this Kuta tourism village are still unfamiliar with accounting.

The third tourist village is the Sade tourist village. This village is famous for its distinctive handicrafts with its woven fabrics. This Sade tourism village has so many woven fabric MSMEs, but the researcher only took 3 woven fabric entrepreneurs. In this same village, 2 MSMEs do not carry out financial management. However, there is 1 MSME that manages the money. This is based on the results of an interview with the owner of woven fabric MSMEs saying:

"Yes, I have implemented financial management in my business. I use a daily cash book to record all transactions that occur, both income and sales as well as expenses for raw materials and operations, I also prepare a budget that includes all business needs and sales targets. By recording this budget, it helps me in planning the purchase of raw materials and the allocation of production costs. Even though it's simple, I already use the Excel application to manage financial statements in my business".

From the results of the distribution of questionnaires and interviews in Sade Village, 2 MSMEs do not implement financial management in their business. However, there is at least 1 MSME that implements financial management by 1). Complete recording using a daily cash book, 2) record all income transactions from sales or expenses, 3) make periodic budgets, and 4) use technology, namely the Excel application to manage financial statements. From the results of the research in Sade Village, it can be seen that one MSME carries out financial management and has applied Accounting in its business, which we can find out by making financial reports. Financial planning and management are very helpful for MSMEs with good financial management, MSMEs can manage resources more effectively and efficiently, reduce waste, and increase productivity. By good financial management, it can maintain the stability of cash flow and ensure that MSMEs have sufficient funds for daily operations.

Just like other tourist villages, the latest research in the Sasak Ende tourist village carried out simple management. In this village, the researcher took 1 MSME based on the results of interviews with resource persons who said:

"Yes, we do financial management but only record income and expenses and set aside income as monthly cash. We also still don't know how to manage finances properly and correctly. We also still don't know accounting". From the results of the research in the Sasak Ende tourist village, it manages its finances by recording income and expenses only and setting aside income as monthly cash.

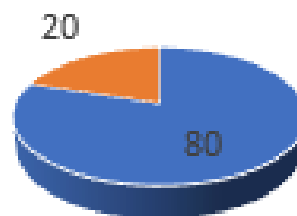
Based on observations made in the field, more MSMEs in the Central Lombok Pujut Tourism Area have not carried out financial management starting from planning, recording, bookkeeping, and reporting compared to MSME business actors who have implemented financial management. Based on the results of observation of the distribution of questionnaires and interviews,

the average MSME actor does not manage because there are several challenges faced by MSMEs not doing financial management. Among them are:

Lack of knowledge about financial management

Business actors have various conveniences to start financial management and planning. This is based on the importance of financial management and planning for the future of a business (Jefri Anwar, et al., 2023). In general, business activities are classified into 4 areas, namely human resources, products, marketing, and finance. Therefore, before starting a business, it is necessary to know related to business such as financial management and financial planning.

Based on the results of interviews with respondents from 4 tourist villages in Central Lombok Pujut, business actors do not carry out financial planning and management in running their businesses, it can be seen from the graph below:



This graph shows that 80% of MSMEs still do not understand financial management so they do not apply it in their business. 20% of MSMEs carry out financial management engaged in the Homestay and woven fabric business. MSMEs that carry out financial management can help and make it easier for them to find out their income and expenses every day. Meanwhile, MSMEs that do not carry out financial management do not feel the benefits of financial management.

Don't Know the Benefits of Financial Management

MSMEs in the Central Lombok Pujut Tourism village still do not know the benefits of financial management, this is based on the distribution of questionnaires and interviews. On average, MSMEs in tourist villages do not know the benefits of implementing financial management in their businesses. By managing finances in their business, they will provide benefits, including; 1) ensuring business sustainability, with good financial management MSMEs can ensure healthy cash flow for business continuity, 2) Increasing efficiency, good financial management can identify and reduce unnecessary costs, thereby increasing operational efficiency, 3) taking better profits., accurate financial data helps better and strategic business decisions, and 4) Access to financing, making financial records can make it easier to get access to financing from banks or investors.

Not doing financial management

Based on the results of the questionnaire distribution in the tourist village of Central Lombok, Pujut, the average MSME actor is still not good related to financial management knowledge. A lack of understanding related to

financial management is one of the factors that MSMEs do not manage their finances. According to research conducted by Jefri Anwar, et al. (2023) said that an MSME actor can implement financial management starting from planning, then enter the stage of moving (running) their business by allocating business capital to each post of need in their business, for example for production, advertising, maintenance, and so on. After being steady with a clear allocation of funds, now is the time for an MSME actor to run his business and remember to record and do bookkeeping so that the results of his business are visible.

Technology Constraints

The use of technology in financial management and marketing is still low. From the results of the research survey, many MSME actors are not familiar with the use of digital to develop their businesses and increase the operational efficiency of their MSME businesses.

Availability of Business Capital

Based on the results of the distribution of questionnaires in the tourist area of Central Lombok, access to funding is often an obstacle or challenge not to financial management. Capital plays a very important role in the sustainability of MSME businesses. The availability of capital will make the business able to survive and even be able to grow to be larger.

CONCLUSIONS AND RECOMMENDATIONS

The purpose of this study is to find out: 1) How to manage the finances of Central Lombok Tourism Village, especially the Pujut area, and 2) the challenges faced by MSMEs in Central Lombok Tourism Village in financial management. The financial management of MSMEs in Central Lombok Tourism Village is the main factor in increasing the profitability of business sustainability. From the results of the Central Lombok Tourism Village research, the researcher concluded that the financial management of MSMEs in the Central Lombok Tourism Village still needs to be improved, especially in the financial recording that has been eroded. The financial recording of MSMEs in Central Lombok Tourism Village only records their income and expenses and sets aside the income obtained to be kept as monthly cash. MSMEs of Central Lombok Pujut Tourism Village still do not know accounting so they still lack understanding related to how to record and make correct financial reports. There are several main obstacles in the financial management of MSMEs in Central Lombok Pujut Tourism Village, including the following:

1. Lack of financial management knowledge
2. Not yet knowing the benefits of financial management
3. Not doing financial management
4. Technology constraints
5. Availability of business capital

This is one of the reasons why MSMEs in Central Lombok Tourism Village have not implemented their financial planning and management.

ADVANCED RESEARCH

1. For MSME business owners in the Central Lombok tourist village, especially Pujut who have not implemented financial planning and management, they are expected to find out how to plan and manage finances correctly so that the business they run continues to develop. Implementing financial planning and management in MSME businesses will help businesses with financial problems as early as possible before they become larger.
2. Holding training and workshops on financial management for MSME actors in the Tourism Village such as accounting records, financial management, and business development.
3. In addition, support from the government and financial institutions plays a very important role for MSME business actors in Tourism Villages to strengthen economic improvement.
4. The next research can cover different areas with a wider scope because the scope of this study is very limited to the Central Lombok area of Pujut.

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