
COMPARISON OF MSME FOOD TRADE SECTOR VIEWED FROM VARIOUS ASPECTS

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ABSTRACT

MSMEs are community economic activities that are small but have a big impact on the economy and can reduce unemployment in Indonesia. According to Law no. 20 of 2008 concerning MSMEs. After the Covid-19 pandemic, MSMEs began to rise slowly with the addition of MSMEs, but it is this competition that makes MSME have to adapt market developments with a digital ecosystem which has an impact on MSME income. One of the obstacles faced by SMEs to compete is from the aspect of marketing and preparation of financial reports. This study aims to compare the food trade business sector in terms of various aspects by conducting interviews with MSME actors in Cirebon City, Banyumas Regency, and Tegal Regency. Interviews were conducted offline by visiting MSME production houses. The results of this study are in the form of a comparison of management aspects, financial aspects, accounting aspects and taxation aspects of MSMEs. As much as more than 50% of MSMEs are hampered because their products are unable to compete and lack of capital, and financial reports prepared do not follow Financial Accounting Standards.

Keywords: MSMEs, food, trade, sector, pandemic

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have a major impact on the economy and can reduce unemployment in Indonesia. According to Law no. 20 of 2008 concerning MSMEs, Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises. MSMEs are one of the solutions when large companies are experiencing a crisis, because MSMEs have an important role for the country's development and employment. Reported on CNBC Indonesia that Indonesia's MSMEs in 2022 will grow well, reaching 8.71 units, based on data from the Ministry of Finance MSMEs have succeeded in contributing 90% of business activities and contributing more than 50% of employment (Putri, 2023).

MSMEs Still often face constraint big in his efforts in matter source Power man, capital And problem marketing (Susan, 2020). In the business of recording financial reports it is very important to provide information for both internal and external users. Financial reports will also be the responsibility or *accountability* of the company, so that the recording of financial reports must be presented in accordance with existing accounting standards. The development of MSMEs continues to increase, this has not given awareness to MSME actors to record financial reports. MSMEs still do not realize how important it is to record financial reports in doing business. To make it easier for MSMEs to record financial reports, the Indonesian Accounting Association (IAI) has issued SA-EMKM, namely Financial Accounting Standards for Micro, Small and Medium Enterprises. In the MSME sector, the preparation of financial reports is easy, so that the characteristics of financial reporting outside the SAK-ETAP standard are considered unprofessional, causing MSME difficulties in gathering financial/capital resources (Widyastuti, 2017).

Capital problems are very often complained of by MSME actors. One of the ways to get capital is by applying for credit to banks, this is also supported by the government

regarding MSME capital through Business Credit. Distribution of KUR is still difficult because banks appointed as KUR distributors are too careful in extending credit, lending requires sufficient information about the status of SMEs, while SMEs cannot obtain sufficient information about the condition of SMEs. (Widyastuti, 2017)

MSMEs can progress and develop if supported by good administration. One of the administrations that must exist in MSMEs is financial reports. For MSMEs, financial reports have benefits as material for analyzing the success of MSME businesses, forms of accountability to investors and creditors, as material for consideration for business development steps (Febriyanto et al., 2019).

The accounting association, namely the Indonesian Institute of Accountants (IAI), is aware of the difficulties experienced by MSMEs in carrying out their bookkeeping, so they issued the Micro, Small and Medium Entity Financial Accounting Standards (SAK EMKM) on October 24, 2016 and became effective January 1, 2018. To make it easier for MSMEs to prepare financial reports so that MSMEs can prepare financial reports based on SAK EMKM, so that it is easy to get funding from various financial institutions (IAI, 2016). SAK EMKM is a standard for preparing financial reports used by MSMEs to prepare financial reports. Financial statements are reports that aim to provide information on the financial position and performance of an entity that is useful to a large number of users in making economic decisions by anyone who does not have a position, can request special financial reports to meet these information needs (Nuvitasari et al., 2019)

Based on an initial survey in April 2023 that researchers conducted on MSMEs in the trade and culinary fields in several regions, it is known that most MSME actors report difficulties in measuring their business development. Most MSMEs only see the development of their business from business continuity and the ability to survive in difficult economic conditions. Difficult economic conditions are caused by climate change which has a direct impact on community activities (conception.org, 2022). As a result, the income of MSMEs sometimes increases and sometimes decreases. This is because MSME actors are more focused on their operational activities so that financial management is often neglected (Astuti et al., 2022). In fact, one way to achieve business success is to manage finances properly. This is what causes the authors to be interested so they want to know how the perceptions of MSME actors regarding financial reports as one of the tools used in measuring the performance of a business.

The number of MSME actors in Central Java in 2022 will reach 1,457,126 units with a variety of creations and innovations so that it is estimated to have high income as evidenced by the development of business and marketing carried out as a whole, with this the researchers conducted interviews with MSME actors interviewing MSME actors in several areas that were sampled in the study and among them were in Cirebon City, Brebes Regency, Tegal Regency, Banyumas Regency and Purwokerto and it was found that financial reports were not yet a requirement for MSMEs even though this was an aspect that greatly influenced business continuity, thus the researchers took the theme "Comparison of MSMEs in the Food Trade Sector in View of 4 Aspects"

LITERATURE REVIEW

According to the Central Bureau of Statistics based on the quantity of labor, small businesses have a workforce of 5 to 19 people. The definition of Human Resource Management according to experts is as follows:

1. Human Resource Management is the utilization, development, assessment, remuneration and management of individual members of the organization or group of employees Simamora, (2004).

2. Human Resource Management is the process of planning, organizing, leading and controlling activities related to job analysis, job evaluation, procurement, development, compensation, promotion and termination of employment in order to achieve the goals set by Panggabean
3. Human Resource Management is a policy, practice, and system that influences the behavior, attitude and performance of employees Noe (2010)
4. Human Resource Management is the science, art or process of obtaining, promoting or developing, and maintaining a competent workforce in such a way that organizational goals can be achieved effectively and efficiently Wahyudi, (2002).
5. Human Resource Management is an activity that includes: managing people, such as preparing requirements, staff planning, recruitment, employee selection, business development, conducting training and setting up appraisal systems; compensation, set salary system, financial and non-financial compensation Rowley, (2003).

Food and drink are basic needs for human life. The food and beverage production process includes the selection of raw materials, food and beverage processing, food and beverage quality testing, packaging to the food and beverage distribution process. Every process that takes place must be controlled so that the final product produced is safe and suitable for consumption by consumers. A good way of preparing food to create an appetite that tantalizes all the senses, not just the tongue. When food looks appetizing, the human body actually produces more fluids that help absorb nutrients. So, attractive food is healthier than unattractive food. Texture and color are two things that are equally important when displaying food. Individual human behavior is as a function of the interaction between the individual and his environment. Individuals bring into the organizational setting: abilities, personal beliefs, expectations, needs, and past experiences. Influences from outside the individual shape the attitude and behavior of the individual. Experience and knowledge through the learning process make activities such as education, training, courses very important for changing attitudes and behavior of small food and beverage entrepreneurs (Prihatminingtyas, 2010).

1. Management Aspect

The purpose of the study from the management aspect (Husein Umar, 2009: 114) is to find out whether business development and implementation can be planned, implemented and controlled so that business plans can be declared feasible or vice versa. According to Kasmir and Jakfar (168,167) the management functions can be described as follows:

- a. Planning
- b. Organizing
- c. Actuating
- d. *Controlling*

SWOT analysis

SWOT analysis is an analysis of the strengths, weaknesses, opportunities, and threats *faced* in a business (Jumingan, 2011:408). The four keys to remember in using a SWOT analysis are:

- a) Building Strength
- b) Solving Weaknesses
- c) Seize the Opportunity
- d) Avoid Threats

Marketing Management will be broken down into four marketing policies which are commonly called the marketing mix (*marketing mix*) or 4P in marketing which

consists of four components, namely product, price, place, and promotion. Meanwhile, for service products, it is known as 7P, the same as the product *marketing mix* but added with *process, people* and *physical*.

The main points of the technical and technological aspects (Husein Umar, 2009: 90) are as follows:

- 1) Selection of production strategy.
- 2) Product selection and planning.
- 3) quality plan.
- 4) Technology selection.
- 5) Production capacity plan.
- 6) Factory layout planning.
- 7) Layout planning.
- 8) Production quantity planning.
- 9) production management.
- 10) Product quality control.

2. Financial aspect

Financial analysis is an aspect that is used to assess the company's finances as a whole (Kasmir and Jakfar, 2012:89). The financial aspect is actually only the result of market and technical aspects, because of these two aspects the financial aspect is sufficient to describe in the form of cash flows that are expected to be received (Jumingan 2011: 348). The criteria that can be used to determine the feasibility of a business or investment are:

a. *Net Present Value (NPV)*

Net Present Value (NPV) is the difference between *the Present Value* of the investment and the present value of net cash receipts in the future (Freddy Rangkuti, 2012: 166).

b. *Payback Period (PP)*

Payback Period is a period required to recoup investment spending using cash flow, in other words *Payback Period* is the ratio between *the initial cash investment* and *cash inflow*, the result of which is a unit of time (Husein Umar, 2009: 197).

c. *Internal Rate of Return (IRR)*

Internal Rate of Return (IRR), this method is used to find an interest rate that equates the present value of expected future cash flows, or cash receipts, with the initial investment outlay (Husein Umar, 2009:198). *Internal Rate of Return (IRR)*, is a tool to measure the rate of return on internal results (Kasmir and Jakfar 2012:105).

d. *Profitability Index (PI)*

The profitability index (PI) or Benefit and Cost Ratio (B/C ratio) is the activity ratio of the sum of the present value of net income with the present value of investment expenditure over the life of the investment (Kasmir and Jakfar 2012: 108).

3. Accounting Aspects

According to Kieso (2002), accounting is precisely defined by explaining three important characteristics of accounting: identifying, measuring, and communicating financial information about economic entities to interested users. In general, accounting can be defined as an information system that produces reports to interested parties regarding the economic activity and condition of the company. (Warren, 2006). According to Carl S. Warren, James M. Reeve and Philip E. Fees (2006). Accounting is an

information system that produces reports to interested parties regarding economic activity and company conditions. Financial statements according to the Indonesian Institute of Accountants (2000) in Financial Accounting Standards consist of 5 (five), namely: balance sheet, income statement, report on changes in capital, cash flow statement and notes to financial statements. These reports have their respective functions which are useful for providing information about the business position of a business.

4. Tax Aspect

Understanding the tax regulations that apply in Indonesia is important for taxpayers (Hardiningsih, 2011; Adiasa, 2013). Currently the phenomenon that occurs is that there are still many taxpayers who still do not understand tax regulations. It can be seen that the old regulation still applies to taxpayers who wait to be billed first and then pay taxes. Incidents like this can have an impact on decreasing the amount of tax revenue and the level of taxpayer compliance in reporting their taxes to the state treasury (Adiasa, 2013). The knowledge aspect of taxation is important for taxpayers because it greatly influences the attitude of taxpayers towards a fair tax system. The better quality of taxpayer knowledge will provide an attitude of fulfilling tax obligations correctly through the existence of a country's tax system that is considered fair. Positive perceptions of taxes will increase awareness

Ajzen (1991) says that of the 3 factors above, social norms (*subjective Norm / Normative Beliefs*) which have an impact on taxpayer behavior because social norms are built through social pressure and the influence of people around the taxpayer who are considered important. Taxpayers will ultimately be affected by people who are around the taxpayer's environment who are considered important and have a positive attitude towards tax compliance, so the taxpayer will pay taxes obediently. Conversely, if people around the Taxpayer's environment who are considered important have a negative attitude towards tax compliance, then the Taxpayer will avoid taxes (Basri, Surya, Fitriyani, Novriyan, and Tania, 2013, Rizki, 2016).

Taxpayers and increasing knowledge of taxation both formal and non-formal will have a positive impact on the understanding and awareness of taxpayers in paying taxes. Conducting tax counseling intensively and continuously can increase the understanding of taxpayers about the obligation to pay taxes as a form of national cooperation in raising funds for the benefit of government financing and national development (Hidayatulloh, 2015). Current taxation makes taxpayers participate actively to carry out their tax obligations in accordance with the actual situation which is called *self assessment system* in where the level of compliance is on the taxpayer and makes optimal tax revenue. *The Self assessment system* is a voluntary tax compliance that independently determines and is responsible for reporting and paying tax obligations in an accurate and timely manner (Rahayu, 2010).

RESEARCH METHOD

This research was conducted using a qualitative approach. The population of this research is SMEs in trade sector located in 4 cities viz Purwokerto, Cirebon, Tegal, and Purbalingga, samples were taken randomly and there were 15 MSMEs. Data source what is needed is in the form of primary data using observation and interviews. Questions asked about 4 aspects in business namely management aspects, financial aspects, accounting aspects, and taxation aspects. After that, the results are combined interviews to look for problems in 4 aspects it and provide a solution. In the technique of taking data obtained through interviews namely MSME actors and observations of data related to these 4 aspects

such as marketing in *e - commerce*, recording reports financial statements, as well as reviewing other documents. Every region will be selected between 1-3 SMEs to be interviewed. Economic development is very rapid, so the role of accounting as a tool to provide information about financial transactions that occur. Every business must prepare financial reports, because the financial reports prepared provide financial information needed by users, both internal and external users. MSMEs really need business capital, so applying for a loan of financial statements is needed. In interviews the researchers helped and provided education to MSME owners to prepare appropriate financial reports.

RESULTS AND DISCUSSION

The following is an analysis of the results of the interviews as well as conclusions that can be drawn from the research sample, namely MSME actors in Purwokerto, Cirebon, Tegal and Purbalingga.

Table 1. Interview Results

No	Question	Conclusion
MSME Profile		
1	How long have you had a business for?	50% over 5 years and the other 50% under 5 years
2	What type of funding do you need?	The majority of what is needed is capital
3	What is the raw material for your business?	The majority buy raw materials <i>offline</i>
4	How is the raw material purchasing system (online/offline) and how long does it take to arrive?	
5	How many employees do you have?	50% have 2 employees, the others are 1,7,17 and some don't have employees
6	How much does the transportation cost	The majority of transportation costs under 100,000
7	Sales Goals	The average has consumers in all aspects, 20% suppliers
Management Aspect		
1	How is your business marketing system? Offline/online	Most have used 2 online and offline methods in selling
2	What about consumer interest, is it more offline/online?	50 percent online and 50% offline
3	When did consumer interest increase and decrease?	Some turnover decreased during Ramadan / Eid al-Fitr, others decreased due to weather, pandemic etc
4	How many products can you sell in one month?	50% of sales reach above 1000 pcs

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| 5 | What targets/goals do you have for developing your business in the next 3 years? | have broader marketing, have good <i>online</i> promotions , have <i>offline</i> stores and production equipment etc |
| 6 | To what extent do you consider business planning as an obstacle in carrying out business goals? | the average is still simple planning, not to the details. |
| 7 | What factors did you consider when deciding on your future strategy? | The majority s inhibiting factor is capital |

Financial aspect

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| 1 | What is the price per product? | The majority of product prices below 25,000 |
| 2 | How to record the report, and who is the finance department? | Some use SIAPIK, single entry, excel, and some are not recorded |
| 3 | How much income per year? | The majority of revenue is above 90 million |
| 4 | How much money do you need for initial capital? Money to buy machines, raw materials, rent places, etc | 70% of capital is under 50 |
| 5 | What is the current value of your capital? | The majority are under 50 |
| 6 | How much is your average turnover in 1 year? | 50 percent below 50 million, 50% again above 50 million |
| 7 | What is the average profit of your business in 1 year? | 70 percent have profits under 50 million |
| 8 | How will you finance business development in the future? | 50% personal capital 50% other from banking, pawn shops, farmer groups etc |
| 9 | What is the average total assets (cash and credit) that you have (amount of money in the office, savings, debt, buildings , machinery) | almost all have assets under 50 million |
| 10 | What do you expect from the donor? | The average wants a capital loan with low interest |
| 11 | How are the employees paid? Using cash and city walk | 80% pay their employees with the cash method |

Accounting Aspects

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|---|--|--|
| 1 | Are your business transactions always recorded? | 90% use notes, 10% don't, some use notes, excel and SIAPIK |
| 2 | How long have you been recording financial reports? | 20% over 5 years, while 80% under 5 years |
| 3 | What system do you use to report your business finances? | 70% do manual and excel bookkeeping, 20% use SIAPIK, 10% do not record |

Tax Aspect

1	Do you have a Corporate TIN?	Only 1 has an NPWP, the other 9 MSMEs do not have an NPWP
2	Do you have knowledge of taxation?	50% know about tax knowledge, the other 50% don't know
3	Are you obedient in paying taxes?	80% complied with paying taxes 20% not

From table 1 above it can be seen several things as follows:

a. Management Aspect

From a management perspective, it can be seen that most MSME players use both *offline* and *online marketing methods*. SMEs do not yet have a detailed and mature planning strategy. The main obstacle hindering MSME business planning is capital. Some turnover decreased during certain moments such as the month of Ramadan, Eid al-Fitr, and at other times it had decreased due to weather factors and the COVID-19 pandemic.

b. Financial aspect

In terms of financial aspects, it can be seen that in the future business development 50% of MSMEs will use personal funds and 50% will use bank funds. In recording its finances, MSMEs have recorded transactions. In terms of lenders, on average they want capital loans with low interest. About 80% of MSMEs that have employees still use the cash payroll method.

c. Accounting Aspects

In terms of accounting aspects, it can be seen that 90% of MSMEs use records, 10% do not note pen. The recording is done through excel and SIAPIK. As many as 80% of MSMEs have recorded since under 5 years and the rest are over 5 years. The reporting system used is that 70% of MSMEs carry out manual bookkeeping and through excel, 20% use SIAPIK, 10% do not keep records.

d. Tax Aspect

From a taxation perspective, it can be seen that most MSMEs do not have an NPWP, 50% of MSMEs already have tax knowledge, and 80% are obedient in paying taxes.

Based on the results of the analysis above, the researcher concludes that:

- Most MSMEs have taken advantage of existing information technology so that the marketing methods used include offline and online. This helps them in reaching a wider market share. The main obstacle for MSMEs to date is still capital so that they have quite a lot of difficulty in formulating future planning strategies.
- Most MSME actors record financial transactions through simple recording, excel and SIAPIK. The rest, there are still a number of MSMEs that have not kept financial records. This may be due to their lack of awareness of the importance of accounting records.
- Even though the majority of MSMEs do not have an NPWP, 50% of these MSMEs actually already have knowledge of taxation so they pay taxes obediently.

CONCLUSION

1. The hope of every MSME actor and the Indonesian government in the post-covid-19 pandemic is to be able to rise from adversity. The key to this success is product innovation that is good and quality and customer oriented, the right marketing

strategy, and the existence of strong collaboration that is able to encourage unity, build relationships and cooperation with various parties.

2. One of the strategies to improve the quality of human resources, for example, is through intensive and continuous education and training. This change in strategy requires support from various parties, including the government. Improving the quality of human resources also means being able to increase the ability to innovate products that are more unique and special so that they can compete with products from big businesses. The skills of MSMEs in the fields of finance and taxation must be given special attention, so that MSMEs are able to carry out financial records in accordance with SAK-EMKM.

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