GOOD FINANCE GOVERNANCE MSMES THROUGH FINANCIAL PORTFOLIO METHOD AS BUSINESS SUSTAINABILITY EFFORT DURING THE COVID19 PANDEMIC

Dwi Dayanti Oktavia¹, Ike Ratnasari²
STIE Kertanegara Malang¹ ²
dwidayantioktavia@gmail.com

ABSTRACT
Good financial governance is one of the keys for a business to survive and continue to thrive in any situation and condition. MSMEs are one of the largest contributors to national income and are able to increase economic growth in Indonesia, but many are still unaware of the importance of business financial governance. This is due to a lack of understanding related to financial governance as well as the difficulty of the financial governance process and the high costs that must be incurred if you use the services of a financial consultant. So that not a few SMEs who have difficulty maintaining their business. For this reason, a financial management method is needed that can help or facilitate MSME actors in managing their business finances so that they are able to continue to survive and be able to develop their businesses. The purpose of this research is to find out problems faced by MSMEs related to business financial governance by utilizing the financial portfolio method so as to provide convenience for MSME actors in managing their finances so that they are able to provide quality financial information that is useful for MSMEs in managing their business.

The research method used is the research method used in this study is a qualitative analysis with exploratory steps with participatory observation techniques. The data sources used are primary data in the form of observations and secondary data in the form of data collected, processed and presented by other parties in the form of books and the results of previous research related to MSME financial governance. Informants in this study are infinite. Based on the results of the study, it was found that the informants in financial management in general have been managed very well, this is evidenced by the recording of every financial transaction of the business being carried out. The management carried out by MSMEs is to make notes in the form of a financial portfolio

Keywords: SMEs, GFG, Portfolio, Finance, Pandemic

INTRODUCTION
MSME is one type of business that increases economic growth in Indonesia. Based on data from the Ministry of Cooperatives and SMEs, the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiah. The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total workforce and can collect up to 60.4% of the total investment. However, the high number of MSMEs in Indonesia also does not guarantee that the efforts that have been made can survive well.

The survival of MSMEs is very important for the sustainability of MSME businesses, for that the government provides various kinds of stimulus so that MSMEs are able to survive under certain conditions, especially during the COVID-19 pandemic. According to a Bank Indonesia survey, only 12.5% of MSMEs were not economically affected by the pandemic. Only 27.6% of
them were able to increase sales. This is in line with the results of research conducted by the Indonesian Ministry of National Development Planning (Bappenas) which found that MSMEs did not survive throughout 2020 that were affected by the pandemic, one of which was caused by financial problems and supply or demand.

Financial problems must be addressed immediately considering that the finances of a business are the most important thing in running a business, because every movement or business activity is viewed from a financial perspective. So to overcome this problem, good governance is needed. Financial governance will determine the next steps that must be taken by MSME business actors. Therefore, it is important that business finances are managed properly and correctly, so that business finances can be controlled properly.

Financial governance is something that is still often overlooked by small, micro and medium enterprises. Business people think that managing finances is an activity that takes a lot of time and is difficult to learn. Research conducted by Rahmini (2017) states that one of the causes of the failure of the survival of a small, micro and medium enterprise is the lack of business financial governance due to a lack of managerial ability and lack of skills in making financial reports. Wahyuningsih (2019) stated that only a part of Bogor City Culinary MSMEs have implemented good financial governance, namely by making simple financial reports, For this reason, a financial management method is needed that can provide convenience for MSME actors to manage their business finances. This research was conducted to find out what methods of financial governance can be applied to MSME actors in order to provide convenience in managing good business finances so that they are able to meet business needs in terms of business continuity, business expansion of MSMEs and are able to make a good contribution to the Indonesian economy. In addition, so that the Government can make a policy that supports the sustainability of MSME businesses against changes in the business climate

**RESEARCH METHOD**

**Research Approach**

In this study, researchers used qualitative research with an interpretive paradigm. According to Rukajat (2018:4) qualitative research is a type of research whose findings are not obtained through quantification procedures, statistical calculations, or other forms of methods that use numerical measures. Mulyana (2018:6) states that the interpretive paradigm aims to interpret or interpret social reality according to the views of the actors studied. The use of this paradigm aims to interpret or interpret the financial governance of SMEs.

The approach used in this research is ethnomethodology. According to Rosyada (2020:71) ethnomethodology is exposure to the reality of everyday life that occurs and appears in daily activities that appear by themselves. The use of this approach is because in this study the main focus of the problem investigated is the daily activities or habits of financial management carried out by MSME actors. This study involved two students as research assistant members regarding data collection and data processing.
Research sites

This research took place in Malang City. This research was conducted in this area because Malang City is one of the cities in Indonesia with a large number of MSMEs so it is interesting to study.

Data source

The source of the data used is primary data in the form of observations, in this study the results of direct observations through interviews and so on and secondary data in the form of data collected in the form of books, articles and results of previous research related to MSME financial governance.

Data collection technique

The data collection technique used in this research is by conducting observations, interviews and documentation. The observations made were participatory observations with an exploratory step, namely doing one of the recommended qualitative data collection techniques to obtain descriptive data (Gunawan, 2017). Furthermore, conducting interviews by forming FGD (focus group discussion) to MSME business actors discussing the findings that can be applied to MSMEs. As well as documentation in the form of books and literature studies with the help of print media and electronic media and the results of previous research.

Data analysis technique

The steps taken according to Miles and Huberman (in Burhan Bungin, 2012) are 1) Data Collection. The data and information obtained from the informants, the informants in this study are infinite. Data and information were collected from informants by looking at the explanation of the MSMEs regarding financial governance that was carried out whether it was in accordance with the rules and what methods were used whether it was effective and efficient, observations or documentation were put together in a research note in which there were two aspects, namely notes Description which is a natural record that contains what is heard, experienced, recorded, seen, felt without any response from the researcher to the phenomena that occur. The second is a reflection note, which is a note that contains the impression of a message, the researcher's comments and interpretations about the phenomena he faces, these notes are obtained from the results of interviews with various informants. 2). Data Reduction, Data reduction is a process of selecting, focusing on the steps of simplification, abstraction and transformation of rough data that emerges from written notes in the field. Data reduction in this study simplify the data and discard data that has nothing to do with the research theme. At this stage the data from interviews and observations will be in accordance with the research objectives. While the data needed will be adjusted by the researcher with the data obtained from interviews and observations. Documentation data will be used to prove the financial management of SMEs.3) Data Presentation, Data presentation is intended to make it easier for researchers to see research results. The researcher will explain about financial management in MSMEs, then the researcher will present the data in a narrative manner from the management of data and information related to financial management. The data that has been presented will be used as an assessment of the financial management implemented by MSME actors.4). Conclusion Drawing, drawing conclusions is an attempt to find or understand the meaning of regularity, patterns, clarity, causal paths or propositions. In this study, it will be abstracted into research findings and issue
recommendations for research results regarding MSME financial governance that can be adopted by MSMEs

RESULTS AND DISCUSSION

Malang City has approximately 8,000 Micro, Small and Medium Enterprises. The MSMEs consist of food, clothing, painting and many other types of businesses. This research was conducted in two types of businesses, namely traditional medicine business and beverage business. The selection of informants is based on business survival during the COVID-19 pandemic. From the results of research conducted by interview, it was found that the informant had a history of education at the first level of undergraduate with the age of 30-33 years. This shows that the informants are of productive age and have a high level of education. To find out financial management in managed businesses, several questions related to financial management, especially during the covid 19 pandemic, are asked. The following are the results of research that has been carried out.

a. Financial planning

Good financial governance will begin with the preparation of a financial plan (Asnahwati & Risman, 2018). Financial planning contains what activities or businesses will be prioritized in the company and what are the sources of funding, who has the authority in making financial decisions, why there should be funding in financial planning, where funding sources can be obtained, when financial planning must be done and how much money is needed so that the business can run well and according to what has been planned. The results showed that the informants had prepared a financial plan before starting a business. Financial planning has been done in writing and computerized and very well systemized. Financial planning begins with the source of the funds obtained and then makes the required budget. This financial plan is prepared every month.

b. Financial Use

Based on the results of the study, it was found that each informant had allocated funds according to what had been planned. Financial usage posts have been recorded at every planned cost, then recorded along with evidence of transactions.

c. Finance report

Financial reporting has been carried out regularly once a month. The financial statements made include the income statement, the statement of changes in capital and the statement of financial position.

Based on the results of the study, it was found that financial governance had been carried out properly and systematically. This is what makes these two businesses able to survive the COVID-19 pandemic, where 82.9 percent of MSMEs in Indonesia experienced a negative impact during this covid19 pandemic. The survival of MSMEs cannot be separated from good financial management carried out by managers. Managers who have a high educational background are one of the factors that make this business able to survive and thrive during the covid19 pandemic. The knowledge possessed and the informants are at a productive age make the desire to continue learning, innovate is still very high supported by the knowledge they have. Fajar (2019) states that the higher the level of education, the better the development of small and
Medium enterprises will be. The amount of knowledge that has been gained during education affects the way a person's mindset. In this case, the higher the level of education that has been taken will help entrepreneurs in making the right decisions. If it is said that the higher the education taken will help the entrepreneur towards better financial capabilities than before, this is acceptable. Because someone who has taken a higher education has broader knowledge, he understands better how to act compared to someone who does not understand financial science which is then only based on logical thinking (Puby (2015). This is also supported by research conducted by Abdul (2021) which states that the higher the level of education possessed by MSME actors, the higher their literacy. Based on the things that have been done by MSME actors in managing their business finances, a model of MSME financial governance has been obtained that can be applied to MSMEs that has been adapted to SAK EMKM. SAK EMKM is a financial accounting standard for Micro, Small and Medium Entities compiled by the board of the Indonesian Accountants Association in the hope of providing convenience and guidance in terms of preparing financial reports, where financial statements are very important things prepared by MSME actors if they want to obtain funds from third parties, others such as banking.

Picture. 1.1 Informant Financial Governance Model

From the model above, there are several things that must be done by MSME actors in order to have good financial management. First, MSME actors must have financial planning starting from where the source of funds or capital is needed, then from that capital the required budget is made so that they can control spending. Then any costs incurred (financial use) must be adjusted to the budget that has been prepared accompanied by evidence of transactions. And the end result is financial reporting in the form of financial statements, namely income statements, statements of financial position, and notes to financial statements). The financial governance model above can be referred to as the financial portfolio model.

CONCLUSION

Based on the results of the study, it can be concluded that MSME actors in financial management have done very well. Every business activity has been recorded either manually or with the help of software. The management carried out by MSMEs is to make notes in the form of a financial portfolio.

From the results of the study, the following suggestions are given especially to MSME actors to always keep records of every business activity and financial transaction carried out. This aims to see how the development of the business so that it can be used as a basis for decision making.
REFERENCES